

SSH COMMUNICATIONS SECURITY CORPORATION

CORPORATE GOVERNANCE STATEMENT

MARCH 3, 2017

CORPORATE GOVERNANCE STATEMENT 2016 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 Helsinki (SSHV01). Its subsidiaries are SSH Communications Security, Inc. (USA), SSH Government Solutions, Inc. (USA), SSH Communications Security Limited (HK), SSH Communications Security UK Limited (UK), Kyberleijona Ltd. (FIN), SSH Technology Ltd. (FIN) and SSH Operations Ltd. (FIN) which has a branch in Germany. In addition, SSH has subsidiaries in Japan (SSH Communications Security K.K) and Singapore (SSH Communications Security PTE), but these entities will be dissolved during 2017 and APAC operations are focused to SSH’s HK office.

SSH abides by its Articles of Association as well as principles of transparent and responsible corporate governance, and high ethical standards in its governance and decision-making. The company complies with the Finnish Limited Liability Companies Act, securities market legislation, including the market abuse regulation, rules of Nasdaq Helsinki and Finnish Corporate Governance Code 2015 adopted by the Securities Market Association. The Code is available at www.cgfinland.fi.

In 2016, SSH departed from Recommendation 1 of the Corporate Governance Code as the Notice of the General Meeting (24 March 2016) did not include proposal concerning the composition of the board of directors. This happened due to unexpected delays in negotiations with the board member candidates. This proposal was separately announced on 15th of April 2016.

Furthermore, after the appointment of board member Kaisa Olkkonen as new CEO in December 2016, majority of the Board members are considered non-independent of the company which is a temporary exception to Recommendation 10 of the Corporate Governance Code. This will be taken into account in the preparation of the proposal for the composition of the board to be given to the next Annual General Meeting, so that the independence of the next board of directors is ensured.

This Corporate Governance Statement is published as a separate report from the Report of the Board of Directors at SSH’s website www.ssh.com.

SSH COMMUNICATIONS SECURITY'S ADMINISTRATIVE BODIES

SSH implements a one-tier governance model, where the management of the SSH Group is a responsibility of the General Meeting of shareholders, the Board of Directors, and the CEO. Duties are defined by the Finnish Limited Liability Companies Act and company’s Articles of Association.

The General Meeting is where shareholders exercise their voting rights and is SSH’s highest decision-making body taking decisions on matters falling within its competence by virtue of the Limited Liability Companies Act and the Articles of Association.

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 Limited Liability 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 their remuneration. Extraordinary general meeting can be called as defined in Limited Liability Companies Act. Each SSH share conveys one vote at the shareholder's meeting. Shareholders have the right to have a matter falling within the competence of the general meeting under the Limited Liability Companies' Act to be addressed at the general 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.

SSH has established principles on diversity in accordance with the Corporate Governance Code's recommendation number 9. SSH has, and aims to continue to have in the future, members of the Board of Directors representing both genders as well as different professional and educational backgrounds. SSH's principles on diversity are taken into account when considering nominations to the Board of Directors. Decisions on the election of directors shall always be made at the general meeting.

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'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 of Directors has confirmed a written charter for its duties, the matters it deals with, meeting practice and the decision-making procedure. In accordance with the charter, the Board deals with and makes decisions on all matters that are financially, operationally or fundamentally significant to the Group. Charter of the Board can be found at: <http://www.ssh.com/about/board-of-directors>

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 assesses its effectiveness. Board's duties and responsibilities are described in more detail in Charter of the Board.

SSH Board of Directors convened 22 times in 2016 (3 meetings before AGM 2016, 19 meetings after AGM 2016). The attendance rate of Board members was: Olkkonen 100 %, Syrjälä 100 %, Manner 95 %, Koponen 95 %, Ylönen 100 % and Hautamäki 100%.

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 has no separate Committees of the Board.

BOARD OF DIRECTORS – MEMBERS

At the Annual General Meeting held on 20 April 2016, Tatu Ylönen, Timo Syrjälä, Jukka Manner, Kaisa Olkkonen (new member) and Harri Koponen (new member) were elected as directors of the company's Board of Directors. At the organizing meeting of the Board of Directors, Kaisa Olkkonen was elected as the Chairman of the Board of Directors. Mr. Jukka Manner was appointed as the new Chairman of the Board on 30 December 2016 as Olkkonen became a new CEO of the Company.

Due to the appointment of Kaisa Olkkonen as new CEO, currently a majority of the Board members are considered non-independent of the company. Jukka Manner and Timo Syrjälä are deemed to be independent Board members. Non-independent Board members are Kaisa Olkkonen, Harri Koponen and Tatu Ylönen. This is a temporary departure from Recommendation 10 and will be considered in the preparation of the proposal for the composition of the board to be given to the next Annual General Meeting, so that the independence of the next board of directors is ensured. The company's CFO acts as secretary to the Board.

Board Members:

Jukka Manner, born 1972, Ph.D. (Computer Science)
Chairman of the Board

Jukka Manner is Professor of Networking Technology at Aalto University. He has more than 20 years of experience in networking, software engineering and distributed systems. He has contributed to standardization of Internet technologies in the Internet Engineering Task Force (IETF) since 1999. He

has been principal investigator and project manager for over 25 national and international research projects and has authored over 100 publications, including eleven IETF standards. Prior to joining the Board of SSH Communications Security, he served on the Board of Stonesoft. He has received the Cross of Merit, Signals, and the Medal for Military Merits for contributions in national defence and C4.

Jukka Manner owns 12.000 SSH shares.

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

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 2.830.631 shares or nominee reg. shares (holdings of interest parties included).

Tatu Ylönen, born 1968, Lic.Sc (Tech)
Board member, Founder and Major shareholder, CEO 17.2.-31.12.2016

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 authored several IETF standards and NIST IR 7966, and is the inventor in 30+ US and international patents, including several essential patents on major telecommunications standards. During 2015, Tatu has held various executive roles and is also a Board Member at the company.

Tatu holds a Licentiate of Science degree from Aalto University.

Tatu Ylönen owns 18.073.623 SSH shares (holdings of interest parties included).

Kaisa Olkkonen, born 1964, LL.M.
Board Member, CEO from 1.1.2017

Kaisa Olkkonen is an experienced leader and expert in international business, legal matters, intellectual property, and digitalization. She has previously been, e.g., VP, Legal and VP, Government Relations at Nokia Corporation.

Kaisa has led international and diverse expert teams through changes and transitions. Her international career has taken her on expatriate assignments in Sweden, Singapore, and Belgium.

Kaisa holds a Master of Law degree from Helsinki University.

Kaisa does not own any SSH shares or options (per 31.12.2016).

Harri Koponen, born 1962, eMBA, Dr. Econ (h.c.)
Board Member, CEO until 17.2.2016

Prior to joining the SSH Board of Directors, Harri was the CEO of SSH. He has also served as the CEO of NPTV, a cloud based interactive TV software company, board member at Stonesoft (acquired by McAfee), and the COO of Rovio Entertainment, creating the global merchandising and licensing business of their Angry Birds brand. He has also been President and CEO of three major telecommunications companies, Sonera (Finland), Wataniya (Kuwait), and Tele2 (Sweden), and 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. Currently Harri is CEO of Nortal Ltd.

Harri holds an eMBA from University of Helsinki and Aalto University and is a Dr.Econ (h.c.) from University of Jyväskylä.

Harri does not own any SSH shares, but has 300.000 option rights.

CEO AND EXECUTIVE MANAGEMENT TEAM

The SSH Board of Directors appoints the CEO and decides the terms of his or her service contract. The CEO oversees 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 until 17.2.2016 was Harri Koponen, during the period 18.2-31.12.2016 Tatu Ylönen and Kaisa Olkkonen from 1.1.2017.

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 three months, with 3 months severance payment. CEO and Board of Directors may agree on CEO's annual bonus scheme.

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 CEO chairs the meetings. All issues addressed in the meetings and related decisions are recorded in the meeting minutes.

Executive Management Team Members (31.12.2016):

Kaisa Olkkonen, born 1964, LL.M.
CEO from 1.1.2017

For more info on Kaisa, please see above under “BOARD OF DIRECTORS – MEMBERS”

Tatu Ylönen, born 1968, Lic.Sc (Tech)
Founder & SSH Fellow, CEO until 31.12.2016

For more info on Tatu, please see above under “BOARD OF DIRECTORS – MEMBERS”

Helena Kukkonen, born 1972, M.Sc. (Economics)
Chief Financial Officer

Helena brings more than 20 years of experience in financial and management accounting and reporting, finance process, and systems development. She is responsible for financial management, treasury, human resources, corporate development, and corporate governance. She also acts as a secretary to the Board of Directors.

Prior to joining the company in September 2016, Helena held several senior financial management positions at Microsoft Corporation and Nokia Corporation. She headed finance and control functions on group and business unit level for a global large scale company, as well as global functional finance teams in manufacturing and supply chain area, including mobile phone factories worldwide. Helena has a Master of Science in Economics degree from the University of Vaasa, Finland.

Helena does not own any SSH shares, but has 100.000 option rights.

Jussi Mononen, born 1964, M.Sc. (Engineering)
Vice President, Business Development

Jussi is a seasoned growth company executive who has been CEO and founder of several venture-backed companies. He has nearly 30 years of management and consulting experience from international technology-intensive businesses with a sound understanding of strategy, communications, operations, processes, and critical success factors. He also has a strong track record in fundraising and M&A transactions.

Prior to assuming the Vice President, Business Development role, Jussi served as the Chief Operating Officer of SSH in 2016.

Jussi does not own any SSH shares, but has 100.000 option rights.

Chris Riley, born 1970, B.Sc. (Business Administration), MBA

President, SSH, Inc. and Vice President, US Sales & Global Marketing

Chris has worked in IT and information security for 21+ years. More specifically, his experience in markets for identity assurance, data security, governance and risk management is extensive. At SSH, Chris is responsible for all US business operations including sales, customer success and marketing. Prior to joining SSH, Chris spent 11+ years at RSA Security in various leadership roles around enterprise sales and customer success.

Chris is a graduate of Merrimack College in North Andover, MA where he majored in finance and minored in economics. He also holds a Master of Business Administration degree from Northeastern University in Boston.

Chris does not own any SSH shares, but has 100.000 option rights.

Rami Raulas, born 1961, M.Sc. (Economics)

Vice President of Sales, EMEA and APAC

Rami is a seasoned Sales Leader with several international leadership positions in Sales & Business Management, Marketing and Product Management in global companies.

He has been developing and leading regional and global sales teams in multiple companies for successful sales growth and customer satisfaction and loyalty.

He is experienced in go to market strategies and implementations and channel partner management. Rami has been working in management positions in Finnish, Asian and Global companies including Nokia, ICL, Fujitsu, Fujitsu-Siemens, Ahlstrom.

Rami holds a Master of Science degree in strategic marketing, business economics and computer science from Helsinki School of Economics (Aalto University).

Rami does not own any SSH shares, but has 20.000 option rights.

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 any SSH shares, but has 100.000 option rights.

Kalle Jääskeläinen, Born 1977, Bachelor of Science
Vice President, Platform Management

Kalle has over fifteen years of experience in information security services, R&D, and product management. As the VP, Enterprise Key Management, Kalle is responsible for delivering customer-driven and high performance security solutions and services that protect our customers' critical data and infrastructures. Kalle's combination of extensive customer-facing experience and technical background is ideal for understanding the market and customers' challenges, and how those can be resolved in enterprise environments.

Kalle received his Bachelor of Science from the Vantaa Institute of Technology, Finland where he specialized in Telecommunication and Computer networks. Kalle carries a CISSP certification.

Kalle owns 10.000 SSH shares and has 267.000 option rights.

Petri Helenius, Jyrki Lalla, Ed Jackowiak and Matthew McKenna were also Management Team Members during 2016.

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 2016. In accordance with the authorization from the Annual General Meeting, the Board of Directors decided on May 27, 2016 on an option plan I/2016A of maximum 400.000 options, each of which entitles to subscribe one share at a price of EUR 3,45. Stock option plans are explained in more detail in the consolidated financial statement.

Remunerations to the Board of Directors during 2016:

- Kaisa Olkkonen 16.571 EUR
- Timo Syrjälä 17.857 EUR
- Jukka Manner 18.000 EUR
- Tatu Ylönen 18.000 EUR
- Harri Koponen 12.429 EUR

The CEO's (Koponen and Ylönen) salary and other benefits in 2016 were in total EUR 348.706.

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 strictly follows the legislation applying to the management of insiders, including the Market Abuse Regulation (EU) as well as the Guidelines for Insiders approved by NASDAQ Helsinki, and the stipulations and guidelines of the FSA.

SSH's permanent insiders comprise the statutory insiders, namely the Board of Directors, CEO and the Principal Auditor. In addition to these, members of the Executive Management Team are also permanent insiders with a duty to disclose their ownership in SSH. The share ownership of all insiders' subject to disclosure requirements has been made public.

When significant projects are at the preparation stage, the company also draws up insider registers for the projects concerned. Insiders are given written notification of their status as insiders and instructions on the obligations that apply to insiders.

HR department maintains the insider registers, which is responsible for updating the information.

SILENT PERIOD

SSH Communications Security follows a silent period starting 30 days before the publication of its financial reports, during which company refrains from contact with representatives of the capital markets and financial media.

Silent periods during the financial year 2017:

- 30.12.16-9.2.2017
- 20.3.-20.4.2017
- 20.6.-20.7.2017
- 24.9.-24.10.2017

Insiders 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) and 6 hours after the announcement of the results.

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. 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.

RELATED PARTY TRANSACTIONS

Company evaluates and monitors transactions concluded between the company and its related parties to ensure that any conflicts of interest are taken into account appropriately in the decision-making process. Company keeps a list of parties that are related to the company.

All material decisions related to any agreements with related parties or any other related party transactions are made by the Board of Directors. Decision-making procedure for related party transactions is based on careful preparatory work and appropriate reports, opinions and assessments taking into account all relevant disqualification provisions under the applicable laws and corporate governance rules. Related party transactions are identified, reported, and controlled by the impartial board members and CFO, who monitors and reports the company's related party transactions in accordance with the company's reporting practices.

Related party will not participate in making decisions related to any agreement between him/her and the company, or related to any matter that concerns an agreement between the company and a third party, where the related party is likely to have an essential interest in the matter.

RISK MANAGEMENT

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

Risk management principles:

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 risks and uncertainties:

The largest risks that might impact the profitability of the company are listed below. Other risks, which are currently either unknown or considered immaterial to the company may, however, become material in the future.

Largest risks:

- Continuing uncertainty of the macroeconomic environment.
- Cybersecurity breaches, including but not limited to ransomware
- Delays in product development and closing new business.
- Ability to innovate and competitive dynamics in the industry, including intellectual property.
- IPR Litigation and utilization of the company's patent portfolio may have significant impacts.
- Ability to retain and recruit key talent
- Ability to execute our strategy
- Large portion of the company revenue is invoiced in U.S. dollar so possible large fluctuation in the U.S. dollar rate during 2017 could have unpredictable effects for profitability that are at the time difficult to estimate. SSH decides on the hedging of the U.S. dollar-based contracts case by case.

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 Board of Directors 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 Ernst & Young Oy with Erkka Talvinko as principal auditor.

In 2016, the auditor's fees were:

- Regulatory auditing EUR 39.000, other auditing EUR 5.833.
- Tax consultancy EUR 17.740.
- Other services EUR 4.413

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 Helsinki. In its communications SSH Communications Security observes Finnish and EU legislation, the rules of NASDAQ Helsinki, 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. SSH Board of Directors approves the Disclosure Policy, which is revised when necessary.