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## **BASWARE CORPORATION**

Updated Corporate Governance Statement 2010

This Corporate Governance Statement has been composed in accordance with Recommendation 51 of the new Corporate Governance Code and Chapter 2, Section 6 of the Finnish Securities Market Act. The Corporate Governance Statement is issued separately from the company's annual report.

### **General principles**

Basware Corporation is a public limited company registered in Finland and its head office is located in Espoo, Finland. Basware Group (Basware) is comprised of the parent company Basware Corporation, its one Finnish subsidiary and 9 foreign subsidiaries.

Decision-making and governance at Basware comply with the company's Articles of Association, the Finnish Companies Act, and other applicable legislation. In addition, the company complies with the recommendations of NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK on corporate governance with the exceptions mentioned in these principles as well as NASDAQ OMX Helsinki Ltd's Guidelines for Insiders. The subsidiaries comply with local legislation.

Basware complies with the Finnish Corporate Governance Code published by the Securities Market Association with the following exception:

- Basware's Board of Directors does not have separate committees as the extent of the company's operations and the size of the Board of Directors do not require matters to be prepared by a body smaller than the entire Board of Directors.

### **Tasks and responsibilities of bodies**

The General Meeting of Shareholders, Board of Directors and CEO are in charge of the management of Basware Group, and their tasks are determined as specified by the Finnish Companies Act. The CEO is in charge of Group-level operative activity, assisted by the group's Executive Team.

### **General Meeting**

The Annual General Meeting is the highest decision-making body of the company. The Annual General Meeting is arranged once a year on the date determined by the Board of Directors within six months of the end of the financial period. Extraordinary General Meetings can be arranged during the year, if necessary. In accordance with the Articles of Association, the General Meeting is held in the company's registered office Espoo, Helsinki or Vantaa. A Summons to a General Meeting of Shareholders and the matters to be discussed in the meeting are issued in a newspaper announcement placed in at least one Finnish-language national daily newspaper and published as a stock exchange release and on the company's website.

The Annual General Meeting each year resolves the following matters:

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- approval of the income statement and balance sheet
- measures occasioned by the profit or loss shown in the approved balance sheet
- discharging members of the Board of Directors and the CEO from liability
- number of Board members and their appointment
- election of the auditor
- remuneration of the Board of Directors and auditors
- other matters mentioned in the summons to the meeting

## Board of Directors

The Board of Directors of Basware Corporation is responsible for the Company's management and the appropriate arrangement of its operations. The Board supervises the Company's operations and management and decides on significant matters concerning the Company strategy, organization, financing, and investments. The essential duties and responsibilities of the Board are defined primarily by the Articles of Association and the Finnish Companies Act. The Board annually ratifies a working order that specifies the meeting procedure of the Board of Directors and its tasks.

In 2010, Basware's Board of Directors had six members: Hannu Vaajoensuu (Chair), Matti Copeland, Pentti Heikkinen, Sakari Perttunen (Vice Chair), Eeva Sipilä, and Ilkka Toivola. The Board of Directors convened 21 times and the attendance rate was 96.7%.

In accordance with the working order, the tasks of the Board of Directors are to

- assume responsibility for tasks specified as obligatory for the company's Board of Directors by the Finnish Companies Act, the Articles of Association or elsewhere
- approve the company's strategy and objectives
- approve the company values and ethical principles
- approve the company's management system and organizational structure
- approve the operating plan and essential changes to it
- approve the company's internal control and risk management policies and enforce them
- approve the interim reports, financial statements and annual report
- assume responsibility for communications related to financial market outlook
- approve the company's financing policy
- assume responsibility for the development of the company's market value and specify the company's dividend policy
- approve company and business acquisitions and divestments and significant individual investments and contingent liabilities
- approve the company's incentive system and policy
- appoint and discharge the company's top management and decide on their terms of employment and remuneration
- decide on appointing a deputy for the President
- decide on the founding of subsidiaries
- assume responsibility for the development of the company's Corporate Governance
- review the operation of the Board of Directors annually
- review the CEO's operation and provide feedback

In accordance with the Articles of Association, the Basware Board of Directors has a minimum of four and a maximum of eight regular members. The Board members are elected by the Annual General Meeting for one term of office at a time. The term of office begins at the end of the General Meeting that

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elected the Board and expires at the end of the first Annual General Meeting of Shareholders following the election. The Articles of Association place no restrictions on the power of the General Meeting to elect members for the Board of Directors. The Board of Directors elects a Chair and a Vice Chair from among its members, and the Board of Directors is deemed to have a quorum present when half of its members are present.

In addition to matters to be resolved, the Board of Directors is given real-time information on the operation, financial standing and risks of the group in the meetings.

The Board of Directors convenes once monthly according to an agreed schedule, in addition to which the Board of Directors convenes when necessary. Minutes are kept for all meetings.

## **CEO**

The Board of Directors appoints the CEO. The CEO is in charge of the management of the company's business operations and governance in accordance with the Articles of Association, the Finnish Companies Act and the instructions given by the Board. The CEO is assisted in the management of the group by the Executive Team. Ilkka Sihvo acted as the CEO of the company in 2010.

## **Basware Executive Team, BET**

The group's Executive Team is appointed by Basware's Board of Directors.

The Group's Executive Team assists the CEO in the operative management of the Company, prepares matters handled by the Board and the CEO as well as plans and monitors the operations of the business units. The Executive Team convenes once a month. The CEO acts as chairman of the Executive Team.

Members of the Executive Team in 2010 were Ilkka Sihvo (CEO), Mika Harjuaho (CFO), Olli Hyppänen (Senior Vice President, Strategy and Development), Jorma Kemppainen (Senior Vice President, Products), Steve Muddiman (Senior Vice President, Global Marketing), Matti Rusi (Senior Vice President, Europe), Ari J. Salonen (General Manager, North America), Esa Tihilä (Senior Vice President, Automation Services), Odd Roar Trapnes (Managing Director, Scandinavia), and Jukka Virkkunen (Senior Vice President, NorthEast).

## **Internal audit**

The Group's internal audit assesses and ensures the sufficiency and effectiveness of the Group's internal control. It also assesses the efficiency of different business processes, sufficiency of risk management and compliance with internal guidelines. Internal audit services are mainly acquired from an external and independent service supplier selected by the Board of Directors of Basware Corporation, supplemented by the company's in-house resources as applicable.

The Group's internal audit is independent of Basware's business units and other units. It reports to the Group's Board of Directors and, in an administrative sense, to the CEO. The CFO coordinates internal audit activities. The work description, authority and responsibilities of the Group internal audit are specified in the Internal Audit Charter. The Board of Directors approves the Internal Audit Charter and the annual risk-based audit plan.

## External audit

According to the Articles of Association, Basware Corporation has a minimum of one and a maximum of two auditors appointed by the Annual General Meeting, at least one of which is a firm accredited by the Central Chamber of Commerce (Authorized Public Accountants). Additionally, the company has a minimum of one and a maximum of two deputy auditors. The auditors are elected until further notice. The Board's proposal for the auditor is disclosed in the notice of the General Meeting.

The primary function of audit is to verify that the Financial Statements give accurate and adequate information about Basware Corporation's result and financial position for the financial period. In addition, the Auditors report to the Board of Directors on the ongoing auditing of administration and operations. In 2010, Basware's auditor was Ernst & Young Oy, Authorized Public Accountants, with Heikki Ilkka, A.P.A., as the auditor in charge. Terhi Mäkinen, A.P.A., was the deputy auditor.

## Internal control and risk management systems associated with financial reporting

The ultimate responsibility for accounting and financial administration lies with Basware Corporation's Board of Directors. The Board is responsible for internal control, and the CEO is responsible for the practical arrangements and monitoring of the control system. The steering and monitoring of business operations is based on the reporting and business planning system covering the entire Group. The CEO and CFO give both Board and Executive Team meetings presentations of the Group's situation and development based on monthly reports.

### Risk management and internal audit system

The Group's risk management is guided by legal requirements, business requirements set by the shareholders as well as the expectations of the customers, personnel and other important stakeholders. The goal of risk management is to systematically and extensively identify and acknowledge the risks involved in the company's operations as well as to make sure that the risks are appropriately managed when making business decisions.

The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations. Basware takes risks that are a natural part of its strategy and objectives. The company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or that can significantly harm the company's operations.

In accordance with the company's risk management policy, risks are divided into six categories: risks related to business operations, products, personnel as well as legal, financial and data security risks. Responsibilities of risk management follow the distribution of liability throughout the organization and operations. Each group has a designated person in charge. In the process of risk management, the goal is to identify and evaluate the risks, after which a risk-specific plan is drawn up and concrete action is taken. Such actions may include avoiding the risk, diminishing the risk by different means or transferring the risk by insurance or agreements. The company has created a crisis communication plan as part of its risk management process.

In accordance with Basware's risk management process, the Board of Directors receives an annual report of the most significant risks discovered during the assessment of risks. The Board analyses the risks from the point of view of shareholder value. According to the reporting conforming to the risk management process, the most significant risks in 2010 that have come to the Board's knowledge are associated with ensuring product leadership and maintaining the company's competitiveness in the changing competitive situation, growth of the Indian unit and fully utilizing the opportunities provided by

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it, development of the scalable Automation Services business models, strengthening the position of intellectual property rights as well as the measurement of significant balance sheet items and impairment testing.

Internal control is a process performed by the organization's Board of Directors, acting management and other employees to obtain a reasonable certainty of the attainment of goals. The framework of internal control at Basware is based on the international COSO model published by the Committee of Sponsoring Organizations of the Treadway Commission.

### Control environment

The goal of Basware's internal control is to support the implementation of the Group strategy and ensure compliance with regulations. The system is based on Group-level policies, guidelines and processes and controls of business operations and support processes. Basware's strong ethics, values and operating culture form the basis of the internal control system. The operating culture is being built by the steering and control of the company's operations by the Board of Directors, the management methods of the company's management, the company's organizational structure and management system, effective utilization of global information system as well as the employees' competence and development. The company uses a global HR system.

The Group's centralized financial administration center and group accounting as well as controlling function, operating under the CFO, are responsible for the overall control system of financial reporting. Harmonized methods of financial reporting are applied in all Group companies, utilizing a uniform ERP system and harmonized account scheme, and also software for electronic procurement management, purchase invoices and travel expense reports and financial management. The entire Group applies the International Financial Reporting Standards (IFRS).

### Risk assessment

The aim of financial reporting is to ensure that assets and liabilities belong to the company; all rights and liabilities of the company are presented in the financial statements; items in the financial statements have been classified, disclosed and described correctly; assets, liabilities, income and expenditure are entered in the financial statements at the correct amounts; all the transactions during the reporting period are included in the accounts; transactions entered in the accounts are factual transactions; and that the assets have been secured.

The risk management process includes an annual identification and analysis of risks related to financial reporting. In addition, the aim is to analyze and report all new risks immediately after they have been identified. Taking into account the quality and extent of the Group's business operations, the most significant risks associated with the reliability of financial reporting are associated with revenue recognition, processing of bad debt reservation, capitalization of product development expenses, impairment testing of assets (including goodwill, capitalized product development expenses and unfinished projects) and deferred tax assets.

### Control functions

The correctness and reliability of financial reporting are ensured through compliance with the Group policies and guidelines. Controls that ensure the correctness of financial reporting include controls related to accounting transactions, controls related to the selection of and compliance with the accounting principles, information system controls and fraud controls.

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The Group's net sales are recognized under the supervision of the centralized controlling function. The Group has written internal revenue recognition guidelines. Revenue recognition is based on the existence of obligatory sale and delivery documents. The amount of the Group's bad debt reservation is calculated monthly by the centralized financial administration service center. The calculation is based on the maturity distribution of trade receivables by sales company. The capitalized amount of the Group's product development expenditure is calculated monthly by the centralized financial administration service center. The calculation is based on project-specific monitoring documentation of R&D activities. The Group has written guidelines on R&D expenditure. Goodwill is tested for impairment during the last quarter of the year. Key variables used in the calculations are the estimated change rates of net sales and costs. In addition, indications of impairment are continuously monitored. Deferred tax assets have not been recognized for all losses, as it has been estimated that the losses cannot be utilized in the near future.

The Group's centralized financial administration service center and controlling function continuously develop global reliable, harmonized, scalable and efficient operating methods. The globally harmonized account scheme, high automation rate of the Group's shared information systems and the systems' integrated control points facilitate a cost-efficient internal control process with an audit trail for financial reporting. Information systems support compliance with the Group's acceptance authorizations for procurement proposals and purchase invoices among others. Basware's financial administration, including cash management and payment, are centralized at the Group's level, which strengthens the functionality of the controls further. Personnel expenses account for a majority of Basware's expenditure. Actual and forecasted personnel expenses are monitored and the forecasts are updated at a very detailed level regularly. The controlling function is responsible for the calculation of commissions and bonuses globally in accordance with the bonus scheme in effect at any time, approved by the Board annually.

The result of business operations and attainment of annual goals is assessed monthly by Executive Team and Board meetings. Monthly management and Board reporting includes both actual and forecast data compared to the goals and actual results of previous periods. Financial reports generated for use by the business management monitor certain key indicators associated with the development of sales and trade receivables on a weekly and monthly basis.

Basware has complemented its organic growth with acquisitions in accordance with its strategy. In making acquisitions, the company aims to follow due diligence and utilize its internal and external competence in the planning phase (e.g. due diligence), takeover phase (e.g. immediate adoption of Basware's information systems) as well as when integrating acquired functions with the company's operations (e.g., adoption of Basware's HR policies).

#### Communication and information

The purpose of the management's reporting is to produce aptly timed and essential information for making decisions. The controlling function provides the guidelines on monthly reporting for the entire organization and is in charge of special reporting instructions associated with budgeting and forecasting. The Group's financial administration internally distributes information on financial reporting-related processes and procedures on a regular basis, and the personnel performs their internal control tasks according to such information. When necessary, financial administration also arranges targeted training for the rest of the organization on the procedures associated with financial reporting and changes in them. The Group's Investor Relations function maintains the guidelines on the disclosure of financial information in cooperation with financial administration and the legal department.

#### Monitoring

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Monitoring refers to the process to assess Basware's internal control system and its performance in the long term. Basware also continuously monitors its operations through various assessments, such as internal audits and external audits as well as supplier audits carried out by customers. Basware's management monitors internal control as part of routine management work. The business management is responsible for ensuring that all operations comply with applicable laws and regulations. The Group's financial and controller functions monitor compliance with the financial reporting processes and control. The financial and controller functions also monitor the correctness of external and internal financial reporting. The Board of Directors assesses and ensures the appropriateness and effectiveness of Basware's internal control and risk management.

Internal audit assists the Board of Directors in assessing and ensuring the appropriateness and effectiveness of Basware's internal control and risk management by performing regular internal audits in the Group's support functions and legally independent units in accordance with its annual plan. Basware's internal control is also assessed by the company's Auditor. The external auditor verifies the correctness of external annual financial reporting. Performed as part of continuous auditing, process auditing targets typical controls that ensure the correctness of financial reporting. The most significant observations and recommendations of the process audit according to the auditing plan are reported to the Board of Directors.

## Compensation

### Management of compensation

In its first organizational meeting, the Board of Directors decided not to establish separate committees for 2010 as the extent of the company's operations and the size of the Board of Directors do not require matters to be prepared by a body smaller than the entire Board of Directors. Therefore, preparation of the compensation paid to the Board of Directors has not been allocated to a Nomination Committee, and the preparation of the compensation paid to the CEO and other members of the management has not been allocated to a Compensation Committee.

### Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Board decides on the service terms and conditions of the CEO, specified in writing. The compensation principles of the top management are decided by the Board. The Board annually approves the personnel incentive scheme.

The Annual General Meeting resolved on February 18, 2010, to compensate the members of the Board according to the following:

- members EUR 26.000 per year
- Vice Chair EUR 30.000 per year and
- Chair EUR 52.000 per year.

However, the remuneration is not paid to those members of the Board who hold a fulltime position at Basware. In addition, all members of the Board are paid a meeting fee of EUR 325 for each meeting. The annual remuneration will be paid in the following manner: 40 percent of the gross annual remuneration of those members of the Board whose shareholding in Basware Corp. is less than 5.000 shares, will be paid in Basware shares, acquired in public trading on NASDAQ OMX Helsinki Oy. The shares will be acquired as soon as possible after the closing of the Annual General Meeting.

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The Board of Directors makes a proposal on the principles to be applied to the ownership of the shares received by the Board members as compensation to the 2011 Annual General Meeting.

### **Chairman of the Board of Directors**

The Chairman of the Board, Hannu Vaajoensuu, held a position in the Company until February 17, 2010. Most recently, in addition to the standard duties of the Chairman of the Board, he was a member of the M&A team and had an advisory role in M&A projects. In connection with the termination of his employment, he was only paid the ordinary statutory employment-related compensation. The salary of the Chairman of the Board, including benefits, for January 1 – February 17, 2010 and Board fee as from February 17, 2010 totaled EUR 72,873.31 in 2010. Salary in money was EUR 72,834.13 and fringe benefits totaled EUR 39.18. The Chairman of Board was not included in the bonus program of the Company.

### **CEO**

The Board decides on the service terms and conditions of the CEO, specified in writing.

Currently the CEO has

- 6 months' period of notice and salary for the period of notice should the Company give notice, in addition to which he is entitled to severance pay equivalent of 12 months' fixed salary,
- 6 months' period of notice and salary for the period of notice should the person resign himself, no additional compensation is paid,
- 12-month prohibition of competition as of the termination of the employment,
- bonus based on performance is no more than 50 percent of basic salary,
- retirement age and pension benefits pursuant to the Employees' Pensions Act (TEL).

The short-term remuneration of the CEO consists of salary, fringe benefits and a possible annual bonus based on performance. The long-term remuneration of the CEO consists of warrants and a share-based incentive scheme. The bonus based on performance is no more than 50 percent of annual basic salary. The bonus is determined on the basis of the attainment of goals related to the company's growth and profitability according to its strategy, and personal objectives. The Board of Directors monitors the fulfillment of the performance and result criteria of the incentive scheme twice a year and approves the bonus to be paid at each time.

A long-term incentive scheme was in use in 2006–2008, based on which warrants could be granted to the members of the top management, country managers of the business units and key personnel. After this, the share-based incentive scheme effective in 2009–2011 mentioned above was introduced.

The possible reward of the share-based incentive scheme for the vesting period 2009–2010 is based on Basware Corporation's earnings per share (EPS). The bonus for the vesting period 2009 will be paid in December 2011, and the bonus for the vesting period 2010 will be paid in December 2012, partially as shares in the company and partially in cash. The bonus of the share-based incentive scheme is paid two years after the end of the vesting period, and therefore no other restrictions are associated with the ownership of the shares received.

The salary of the CEO, including benefits, totaled EUR 628,560.73 in 2010. Salary in money was EUR 210,100.46 and fringe benefits totaled EUR 14,386.10. A performance bonus of EUR 101,674.17 was paid. Sales of options granted on the basis of the long-term incentive scheme in force in 2006–2008 amounted to EUR 302,400.00 in 2010.

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## Executive Team

Members of the Executive Team in 2010 were Ilkka Sihvo (CEO), Mika Harjuaho (CFO), Olli Hyppänen (Senior Vice President, Strategy and Development), Jorma Kemppainen (Senior Vice President, Products), Steve Muddiman (Senior Vice President, Global Marketing), Matti Rusi (Senior Vice President, Europe), Ari J. Salonen (General Manager, North America), Esa Tihilä (Senior Vice President, Automation Services), Odd Roar Trapnes (Managing Director, Scandinavia), and Jukka Virkkunen (Senior Vice President, NorthEast).

## Executive Team

The compensation principles of the top management are decided by the Board.

The short-term remuneration of the top management consists of salary, fringe benefits and a possible annual bonus based on performance. Long-term remuneration of the top management consists of warrants and a share-based incentive scheme. The bonus based on performance is no more than 50 percent of annual basic salary. The bonus is determined on the basis of the attainment of goals supporting to the company's growth and profitability according to its strategy, and personal objectives. The Board of Directors monitors the fulfillment of the performance and result criteria of the incentive scheme twice a year and approves the bonus to be paid.

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The possible reward of the share-based incentive scheme for the vesting period 2009–2010 is based on Basware Corporation's earnings per share (EPS). The bonus for the vesting period 2009 will be paid in December 2011, and the bonus for the vesting period 2010 will be paid in December 2012, partially as shares in the company and partially in cash. The bonus of the share-based incentive scheme is paid two years after the end of the vesting period, and therefore no other restrictions are associated with the ownership of the shares received.

The members of the Executive Team, excluding the CEO, were paid a total of EUR 1,277,028.61 in salaries, EUR 100,931.00 in fringe benefits and EUR 311,024.70 in bonuses based on performance in 2010. Sales of options granted on the basis of the long-term incentive scheme in force in 2006–2008 amounted to EUR 150,400.00 in 2010.

## Members of the Executive Team in 2010

### Ilkka Sihvo

CEO

Born 1962, M.Sc. (Econ), M.Sc. (Tech)

At Basware since 1989

Key working experience: Basware Corporation: Chairman of the Board and CFO 2000–2004, management tasks 1989–1999

### Matti Copeland

Senior Vice President, M&A, IR

Born 1961, MSc (Econ), Stanford Graduate School of Business (Stanford Executive Program 2000)

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Member of the Board since 2008

**Key working experience:**

Alekstra: Chairman of the Board 2009-; August&Bob: Managing Partner 2007–2009;  
Deloitte: Partner, M&A Advisory 2005–2007; CapMan Capital Management: Investment  
Director Buyout Business Unit 2002–2005; Aura Capital: Managing Director 2001–2002;  
Jippii Group: Managing Director 2001–2001; Leonia/Sampo: Executive Vice president,  
Large Corporate Clients 1998–2001; KANSALLIS-OSAKE-PANKKI/Merita/Merita-Nordbanken:  
Head of Debt Capital Markets 1988 –1998; Citibank New York: Manager 1986–1988

**Mika Harjuaho**

CFO

Born 1966, M.Sc. (Econ)

At Basware since 2007

Key working experience: Suunto Oy: Financial Director 2001–2007, Ericsson AB: Regional Controller  
2000–2001, Oy LM Ericsson AB: Profit Center Controller 1997–2000, Unilever Finland Ltd Van den  
Bergh Foods: Controller 1996–1997, Unilever Nederland B.V.: Internal Auditor 1995–1996, Unilever  
Finland Ltd: Cost Accountant 1994–1995

**Olli Hyppänen**

Senior Vice President, Strategy and Development

Born 1966, M.Sc. (Tech)

At Basware since 2003

**Key working experience:**

Basware Corporation; SVP Products 2007–2008, SVP R&D 2003–2007,  
Tellabs International: Director, Supply Chain Engineering 2002–2003,  
Tellabs Oy: Senior Manager 2000–2001, Department Manager 1999, Program Manager 1998,  
Tecnomen Oy: Project Manager 1996–1998  
Commissions of trust: Lacquer Oy: Chairman of the Board 2005–, ManPro: Chairman of the Board  
2006–

**Jorma Kemppainen**

Senior Vice President, Products

Born 1965, M.Sc. (Tech)

At Basware since 2009

**Key working experience:**

Inno-rd Oy: Managing Director and executive level consultant 2009; Suunto Oy: Director, R&D 2005–  
2009; SSH Communications Corporation Oyj: Vice President R&D and Customer Services, 2003–2005;  
F-Secure Oyj: Vice President, R&D; 2000-2003; Tellabs Oy: customer Training Manager 1996–2000,  
various R&D positions 1993–1996; ICL Oy: various R&D positions 1987–1993

**Pekka Lindfors**

born 1966, Msc (Econ)

Senior Vice President, NorthEast

At Basware since 1998, Member of the Executive Team since 2011

**Key working experience:**

Basware Oyj: Senior Vice President, Northeast Business Unit 2011-;  
Vice President Sales, Business Unit Finland 2008 – 2010;

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Vice President, Global Marketing 2006 – 2008; Vice President, Marketing, Business Unit Finland 2005 – 2006; Basware Corporation Business Manager 2004 – 2005; Novo Group/WM-data Novo: Marketing Manager 1998-2004

**Steve Muddiman**

Senior Vice President, Global Marketing  
Born 1961, University Graduate (Comms)  
At Basware since 2008

Key working experience:

VMware Inc.: Director of Field and Corporate Marketing Europe, Middle East & Africa 2006–2008  
Ariba Inc.: VP Marketing and Strategy, Europe, Middle East & Africa 2001–2005  
Hewlett-Packard Inc: various General Management and Marketing Management positions 1989–2000

**Matti Rusi**

Senior Vice President, Europe  
Born 1963, MBA, Vocational Qualification in Business Information Technology  
At Basware since 2010, 1997–2008

Key working experience: Profit Software Oy, COO 2008-2009; Valimo Wireless Oy, CEO 2008; Basware Corp.: Senior Vice President, Finland 2005, President & Country Manager of Basware, Inc., 2003–2004, Senior Vice President, e- Flow Business Unit 2000–2002, Area Manager, Benelux Countries 1999–2000, Project Manager 1997–1999

**Ari J. Salonen**

General Manager, North America  
born 1964, D.Sc. (Tech)  
At Basware since 2008

Key working experience: Basware: General Manager, North America 2008- CellExchange: SVP Business Development 2005-2007, Cambridge Technology Enterprises: COO 2000-2004, eCredit: SVP Operations 1999-2000  
McKinsey & Company: Associate Partner 1994-1999

**Esa Tihilä**

Senior Vice President, Automation Services  
born 1964, College Graduate (Econ), eMBA  
At Basware since 2004

Key working experience:

Meridea Financial Software: CEO 2001–2004,  
iCL PLC: Group Executive Director 2001, Global Director, e-Business 1999–2001,  
iCL Data Oy: Director, e-Business 1997–1998, Business Development Director 1995–1996

Key working experience: Adaptive Systems / Iocore: CEO 1997–2005, Texas Instruments Norway: CEO 1993–1997, McDonnell Douglas Information Systems Norway: CEO, Sales Director for Scandinavia 1988–1993, Det Norske Veritas: IT Consultant, Project Manager & Head of department 1983–1988

**Jukka Virkkunen**

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Senior Vice President, Scandinavia  
born 1960, College Graduate (Econ)  
At Basware since 2006

Key working experience:

Capgemini Finland Oy Technology Services: Unit Manager 2004–2006,

Ementor Oy: Sales Manager 2002–2003,

Fujitsu Services Oyj: Marketing Manager for the Nordic countries 2000–2002,

iCL Data Oy e-Business: Sales Director 2000–1997, Account Manager 1997–1996

Commissions of trust: Helsinki Region Chamber of Commerce: Member of Committee, Member of ICT Committee 2006–

### Insider Administration

Basware's insider guidelines comply with the NASDAQ OMX Helsinki Guidelines for Insiders effective as of January 1, 2006. The insider guidelines forbid insiders, including persons under their guardianship and companies where they exercise control, to trade in shares or option rights issued of the company for a period of four weeks prior to the publication of an interim report or a financial statements bulletin (the so-called closed window).

By law, the Company public insiders include members of the Board, CEO, auditors and the auditor in charge of the company of public accountants as well as Executive Team members responsible for the key business areas. In addition, the Company has a company-specific insider register that includes those who regularly receive insider information in their work. Persons who are involved in acquisitions or other projects that have an effect on the valuation of the company's shares, are considered project-specific insiders and are subject to a temporary trading suspension.

The Company lawyer is in charge of the guidance and supervision of insider issues and also maintains the project-specific insider registers if necessary. The Communications Manager takes care of the permanent insider register. The insider register of Basware Corporation is maintained by Euroclear Finland Ltd (previously the Finnish Central Securities Depository Ltd.). The up-to-date shareholdings of the insiders can be seen in Euroclear Finland Ltd's customer service point in Helsinki, Finland, address Urho Kekkosen katu 5 C. The company also maintains a list of insiders on its website.

According to the share register maintained by Euroclear Finland Ltd, CEO Ilkka Sihvo held 1,065,800 shares in Basware Corporation, Esa Tihilä 500 shares and Olli Hyppänen 500 shares on December 31, 2010. Other members of the Executive Team did not hold shares in Basware Corporation.

According to the share register maintained by Euroclear Finland Ltd, Hannu Vaajoensuu held 962,100, Pentti Heikkinen 1,621, Ilkka Toivola 2,362, Sakari Perttunen 1,045,800 and Matti Copeland 2,771 and Eeva Sipilä 605 shares in Basware Corporation on December 31, 2010.

### Disclosure policy

Basware's disclosure policy complies with Finnish and EU legislation, regulations of the NASDAQ OMX Helsinki Ltd, recommendations of Financial Supervisory Authority and Basware Corporate Governance Statement. Basware's separate disclosure policy was approved in the Board of Directors's meeting on January 20, 2011.