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QPR Software Plc
Corporate Governance Statement
2009

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1 Information on compliance with the Corporate Governance Code

QPR Software Plc complies with the Corporate Governance Code effective as of 1 January, 2009.

2 Departure from recommendations

QPR Software complies fully with the Finnish Corporate Governance Code.

3 Availability of the Corporate Governance Code on the Internet

The Finnish Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association, at www.cgfinland.fi

4 Composition and operations of the board and board committees

4.1 Composition of the Board of Directors

Vesa-Pekka Leskinen, born 1950.

Member of the Board since 22 July, 2003. Chairman of the Board since 1 January, 2006.

Vesa-Pekka Leskinen has been the CEO of Kauppamainos since 1979. He is the majority owner of Kauppamainos Oy. Main area of business of Kauppamainos Oy has been in the investor relations and communications, in relation to which nearly hundred annual reports of various companies have been designed and delivered, participated in the preparation of tens of share issues and similar financial transactions, and have been supporting the IPO process of more than ten companies. Mr. Leskinen has personally been involved in carrying out the investor relations and communication of public listed companies.

Vesa-Pekka Leskinen is the founder of Quartal Oy and was the majority owner of the Company until year 1999. Quartal Oy is focusing on developing and delivering computerized delivery solutions and communication services, especially for the stock market and the companies having business therein. Vesa-Pekka Leskinen is also Member of the Board of Mawell Ltd, Vianaturale Oy and RMG Holdings Oy. By education Mr. Leskinen is an undergraduate and has MAT degree.

Jyrki Kontio, born 1961.

Member of the Board since 12 March, 2008. Independent member.

Dr. Jyrki Kontio is an entrepreneur in his own consulting company R & D-Ware Oy. Previously, he was Professor of Software Product Business at the Helsinki University of Technology in 2002–2007. Prior to this assignment, Kontio has worked 15 years for Nokia Corporation, serving in various software and process management leadership and research positions. He has also worked as Senior Researcher at the

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University of Maryland in the U.S.A.. Mr. Kontio has a Ms.Sc. degree in Business Administration and a Doctor in Technology degree.

Jarmo Niemi, born 1953.

Member of the Board since 7 March, 2007. Independent member

Jarmo Niemi, has acted as the President and CEO of Tecnomen Lifetree Oyj in 2003–2009. Prior to that he served as the President and CEO of Aspocomp Group Oyj from 1993 to 2003. In addition, Jarmo Niemi served as a member of the Board of Directors of Evox Rifa Oyj in 2000–2007. He holds Ms.Sc. degree in Technology.

Asko Piekkola, born 1952.

Member of the Board since 7 March, 2003. Independent member

Asko Piekkola is currently managing director and partner of AG-Partners Corporate Finance Ltd, operating in the area of business of mergers and acquisitions and assignments related to capital markets. He is also Member of the Board Sievo Oy and Mawell Oy.

Previously he has worked, among others, in the following listed companies: as CFO on Labsystems and Spontel Oy, as member of the Board of directors in Expaco Oy, Martela Oyj and Kylpyläkasino Oy and as a member and Chairman of the Board in Castrum Oyj.

Asko Piekkola has also held positions in Arctos Capital Oy (activities auxiliary to financial intermediation) as Member of the Board and Chairman of the Board, in Alexander Corporate Finance Oy (former Arctos Corporate Finance Oy) as Member of the Board, and in several other businesses and investment companies as Member of the Board and Chairman of the Board. Mr. Piekkola holds Ms.Sc. degree in Economics.

Mr. Piekkola is also the Chairman of the Board in QPR's subsidiary QPR Services Oy.

Topi Piela, born 1962.

Member of the Board since 15 March, 2006. Independent member

Topi Piela is the Chairman of the Board of Head Asset Management Company and Managing Director and a board member of Balance Capital Oy. Before Topi Piela served as the Managing Director of Amanda Capital Plc from 2000 until the spring of 2004, when he assumed a position in the Board of Directors of Amanda.

Topi Piela is a member of the Board of Directors of Amanda Capital Plc, Balance Capital Ltd, Eyemaker's Finland Oy, Piela Ventures Oy, Stonesoft Plc and JJPPPT Holding Oy. He is also a member of the State Pension Fund investments committee, and Hallitusammattilaiset ry (the Finnish Association of Professional Board Members).

Piela's previous positions include Investment Director at Ilmarinen Mutual Pension Insurance Company, Managing Director and co-founder of Arctos Rahasto Oy, and Securities and Investment Director of Ålandsbanken Ab. He has also served on the investment committees of several Finnish and European private equity funds.

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Mr. Piela has a Ms.Sc. degree in Economics and has CEFA and Advanced Insurance Examination diplomas.

4.2 Operations of the Board of Directors

4.2.1 Charter of the Board (summary)

Board meetings

- Convenes regularly at least 8 times a year according to pre-agreed schedule.
- At least one of the meetings focus on strategy in the spring and one is a budget meeting in the autumn.
- When necessary, the Chairman of the Board and CEO may call for an additional Board meeting.
- The agenda and materials shall be delivered to Board members no less than three working days before the meeting

Material

- The monthly report shall contain the Group's actual results, result forecast, budget comparison, and commentary on the results including reasons for any significant budgetary deviations. A summary of all other important matters within Group is also included.
- All significant matters shall be informed to the Board immediately
- Risk management report is presented to the Board in connection with quarterly financial reporting (4 times in a year).

Matters to be handled at the board meeting

Following list contains matters to be handled at the Board meetings:

- Matters specified by the Finnish Companies Act
- Approving the strategy and annual budget, and their follow-up
- Appointing and dismissing the CEO, and deciding on the terms of his/her employment
- Approving the hiring of personnel reporting directly to the CEO, and the key terms of employment for these people
- Determining the compensation principles for senior management
- Approving the incentive systems for the CEO and the personnel
- Preparing a proposal on the personnel option schemes for the Annual General Meeting and deciding on its allocation to personnel
- Reviewing and approving interim reports and financial statements
- Approving major business deals and investments as well as other decisions of key significance
- Approving the dividend distribution policy and preparing a proposal for the Annual General Meeting concerning the distribution of dividend
- Approving the investment policy
- Monitoring the implementation of internal control, internal audit and risk management

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- Reviewing other matters that the Chairman of the Board and the CEO have agreed to be taken on the Board's agenda or that otherwise fall within the Board's decision-making powers under the provisions of the Companies Act, other laws, Articles of Association or other regulations.

4.2.2 Board's operations in 2009

QPR Board of Directors assembled 14 times during 2009. The average participation percentage was 90. The Board of Directors made a self assessment of its operation. The Board has not established any committees.

5 Supervisory board

QPR Software Oyj does not have supervisory board.

6 Board committees

The Board has not established any committees. The Board carries-out the responsibilities of the audit committee.

7 Chief Executive Offices and his duties

7.1 Chief Executive Officer

Mr. Jari Jaakkola (born 1961) has been the Chief Executive Officer as of January 2008. He has been employed by the Company and been a Member of Executive Management Team since August 2006.

Mr. Jari Jaakkola worked from August 2006 to January 2008 as Senior Vice President, Business Operations at QPR Software Plc. Jari Jaakkola's previous experience covers leadership positions in Sonera Corporation and M-real Corporation. He also has extensive experience from positions in international advertising and PR agencies and Finnish media. Mr. Jaakkola holds a B.A. degree in journalism from Tampere University and an MBA from Henley Management College.

7.2 The duties of the Chief Executive Officer

QPR's Board of Directors appoints the CEO and decides the terms of his/her service contract. The CEO's terms of service have been agreed on in writing. The CEO is not appointed for a certain term, but is appointed indefinitely until further notice is given.

The CEO's duty is to manage the company's activities in accordance with the Finnish Companies Act and the Board of Directors' instructions and rules and to inform the Board of Directors about the development of the company's business and financial situation. The CEO is also responsible for arranging the company's day-to-day administration and ensuring that the financial administration of the company has

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been arranged reliably. The CEO primarily presents matters in Board meetings and is responsible for preparing draft solutions

8 Internal control and risk management in QPR Software

8.1 Internal control

Internal control and risk management in QPR Software Plc aims to ensure that the Company operates efficiently and effectively, distributes reliable information, complies with regulations and operational principles, reaches its strategic goals, and ensures continuity of its business.

It is the duty of the Board of Directors to monitor the appropriateness, effectiveness and efficiency of risk management and internal control in QPR Software Group. The Risk management report is presented to the Board in connection with quarterly financial reporting.

The threat caused by the risks to shareholders is used as a criterion when the Board of Directors evaluates these risks. The Board of Directors also monitors that the Company has defined operational principles for internal control and that the Company monitors the effectiveness of internal control.

8.2 Risk management and internal control

Coordination of risk management and internal control and the related reporting is the responsibility of the Chief Financial Officer. Risk management in QPR Software is guided by the requirements of legislation, shareholders' expectations regarding business objectives and expectations among important stakeholders, such as customers and personnel.

Risk management in QPR Software aims systematically and comprehensively to identify risks related to the Company's operations and ensures that risks are managed and taken into account in decision-making. The Company does not have a separate risk management organization, and risk management is part of routine responsibilities throughout the organization. Risk management is developed by constantly improving operative processes in the Company.

QPR Software identifies the risks by their essentiality: if actualized, the risks selected for monitoring would have a material impact on the Company's business operations.

QPR has identified the following four categories of risks related to its operations:

1. risks related to business operations
2. risks related to company's general operational environment
3. risks related to information and products, and
4. risks related to financing.

Property, operational and liability risks are covered by insurance

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8.2.1 Risks related to business operations

The following risks are related to QPR Software's business operations:

- **Country risk.** The metrics used for measuring country risk is the potential loss of country-specific revenue. Risk is managed by constantly gathering market information by the Company's own actions and with the help of the international reseller network.
- **Customer risk.** The metrics used for measuring customer risk is the potentially lost annual revenue from the customer. Risk is managed by taking good care of every customer.
- **Forecasting process risk.** The metrics used for measuring forecasting process risk is the difference between two succeeding net sales forecasts. The Company's forecast on future net sales is based on the Company's own estimate and on information gained from its international resellers. Risk is mitigated by managing effectively the internal forecasting process and international reseller network.
- **Personnel risk.** The metrics used for measuring personnel risk is the annual churn. Risk is managed by professional recruitment, good supervisory work and by securing possibilities for job rotation.
- **Legal risk.** The metrics used for measuring legal risk is the estimated total combined financial effect of all legal disputes on the Company. Also the probability of the risk to be actualized is estimated. The risk is managed by in-depth knowhow on contractual jurisprudence and by performing both ethically and according to the Company values.
- **Financial risk.** The metrics used for measuring country risk is the forecasted operative cash flow before investments. Risk is managed by following constantly the Company's financial position (cash flow calculation and forecasts).

QPR's market and customer risks are mitigated as follows: the Company conducts business in 70 countries (in 2009), both in public and private sectors as well as in several different business verticals. In addition, the customer benefits produced by QPR's products and solutions are related to optimization and streamlining of operations, strategy implementation as well as risk management and compliance. Demand for these customer benefits remains relatively strong in all financial cycles.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of standard payment terms, receivables and credit limits.

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8.2.2 Risks related to company's general operational environment

As a risk related to the Company's general operational environment, QPR Software follows **economic fluctuations**. For example, the general economic uncertainty, continuation of negative development or deepening of such a development may have a negative impact on software market and subsequently also on QPR's business operations.

A risk related to the Company's general operational environment is actualized if the economic fluctuation has a material negative impact on the market significant to the Company. Risk is managed by constantly monitoring economic fluctuations by the Company's own actions and with the help of the international reseller network.

8.2.3 Risks related to information and products

QPR Software has identified the following three risks related to information and products:

- **Risk related to own products.** The risk is managed by securing the competitiveness of the Company's offering at all times by constantly monitoring competitors. The security and good quality of products is guaranteed by automated virus prevention.
- **Intellectual Property Rights.** The Company's Intellectual Property Rights (IPR) are secured by the confidentiality of the source code. Unauthorized use of software licenses is rejected by executing software deployment by product activation. In addition, the Company makes sure that external IPR is not utilized in its products without proper permission.
- **Data security.** Data security risks are related to the good confidentiality of corporate, insider and customer information. Risk is managed by ongoing internal training, keeping instructions up-to-date at all times and good technical protection of the Company's data network.

8.2.4 Risks related to financing

QPR Software has identified the following two financial risks:

- **Foreign currency risk.** The metrics used for measuring foreign currency risk is the actualized exchange rate fluctuation and future outlook for it. The risk is managed by using the Euro as the primary invoicing currency and by currency hedging. The company constantly monitors how the open positions of the three biggest invoicing currencies develop.
- **Operative credit risk.** The metrics used for measuring operative credit risk is the turnover rate of accounts receivables. Risk is managed by monitoring accounts receivables and by effective collection of bad debt.