

30.6.2018

Tecnotree's Statement on Non-Financial Information 2017

This statement describes how Tecnotree manages environmental matters, respect for human rights, anti-corruption and bribery matters, and employee well-being in its business activities. This statement has been compiled in order to fulfil the reporting requirements on non-financial information as outlined in Chapter 3a, Sections 1-6 of the Finnish Accounting Act. Tecnotree continues to develop suitable non-financial indicators during the year 2018. Tecnotree's governance model has been described in Tecnotree Corporation's Corporate Governance Statement for 2017.

TECNOTREE IN BRIEF

Tecnotree is a global supplier of telecom IT software products and solutions, for charging, billing, customer care, messaging and content management services. The Company's product portfolio comprises virtually the full range (order-to-cash) business management solutions for telecom operators, with standard solutions for fixed networks, mobile services and broadband and for managing subscriptions, services and cash flows for prepaid and post-paid customers.

Tecnotree continues on its vision as a product company. Tecnotree is engaged on creating a continuous customer experience on its BSS platform by combining its deep telecom experience with signature Finnish design and quality excellence. The cloud enabled micro-services based interoperable products help Tecnotree create a "digital marketplace" that fosters significant added value for its customers. Tecnotree's cutting-edge products enable communication service providers to expand their footprint and transform their business into that of a digital service provider, thus helping them expand and increase their value to their customer base.

Tecnotree's business is based on our product licenses, professional services for customization of our products, and maintenance and support services on its products to a global customer base. Tecnotree operates in the following geographical areas: Europe & Americas (Europe and North, Central and South America) and MEA & APAC (Middle East and Africa, Asia Pacific). The company has an especially strong footprint in developing markets such as markets such as Latin America, Africa and the Middle East, serving more than 700 million subscribers worldwide and supporting more than 65 operators/CSPs worldwide.

Tecnotree's share is quoted on the NASDAQ OMX Helsinki Ltd.

RISK MANAGEMENT

Tecnotree's general annual assessments of external risks assessed by the Management Board define the biggest risks. These assessments are made by evaluating the probability and the impact of the different risks, and based on this, a risk map is comprised. Actions and persons in charge are defined for each significant risk. The Board approves the significant principles of risk management. The Management Board handles risks and risk management in its meetings on a regular basis. The CEO reports these to the Board of Directors.

Tecnotree's corporate governance is implemented through documented policies. The main policies are policy for making sales agreements, credit policy, cash management policy, policy for hedging against currency risks, policy for making purchase agreements and approval policy.

Tecnotree has uniform principles and practices in bid reviews. The subsidiaries and foreign offices of the parent company have issued guidelines and policies for their own specific purposes that are in line with the Group level policies. The company has defined its Code of Conduct.

The risks pertaining to the financial reporting are mitigated by the methods in financial reporting and control of the group. The Group companies utilize a common chart of accounts and IFRS principles as well as common systems with comprehensive database. Treasury and financing have been centralised in the Group administration, and contracts and policies are stored in an easy-to access archive.

Information security

Tecnotree operates in an industry that is subject to particularly large number of risks related to information security and privacy. The management and staff of Tecnotree are committed to the company's information security policy that covers the principles of careful risk management, protection of intellectual property, and the processing of customer, vendor, partner and employee related information assets.

The company has trained its entire staff with regards to EU's General Data Protection Regulation (GDPR), which entered into force in May 2018, and has widely implemented its principles. The company intends to implement the GDPR policies in global scale by the end of 2018.

ENVIRONMENTAL RESPONSIBILITY

Tecnotree follows the applicable environmental laws in all its business operations and expects all its partners to equally do so. The company follows and develops business processes that support compliance with environmental laws, regulations and policies.

Due to the nature of Tecnotree's business, the company estimates its environmental impact to be relatively low. Tecnotree seeks to prevent environmental damage by, for example, reducing business travel by using electronic conferencing tools and other technologies, reducing electricity and water consumption, and reducing waste volumes with proper treatment of waste.

Tecnotree's business traveling was reduced by 1.1 million euros or 17% in 2017 compared to 2016.

EMPLOYEE WELL-BEING, HUMAN RIGHTS AND SOCIAL RESPONSIBILITY

Tecnotree has defined its Code of Conduct to be followed by each employee. The subsidiaries and foreign offices of the parent company have issued guidelines and policies for their own specific purposes that are in line with the Group level policies. Impacts related to staff and working conditions are managed and developed in accordance with Tecnotree's personnel policy.

At the end of December 2017, Tecnotree employed 666 people (818 at the end of 2016), of which 67 (88) in Finland and 599 (730) outside of Finland. The company employed on average 727 (895) people during the financial period.

Tecnotree's goal is to provide its employees a safe and healthy working environment that offers everyone the opportunity to develop. Tecnotree's senior management is committed to maintain employee well-being in all organization levels and locations. All the physical safety elements including occupational safety plans,

emergency plans, etc. are based on local laws and practices in each country. Tecnotree does not tolerate employee harassment at any organization levels.

Tecnotree emphasises employee equality. Employees are not discriminated against based on their race, colour, age, gender, sexual orientation, religion, political affiliation, union membership, disability or ethnicity.

Tecnotree seeks to make a contribution to the surrounding communities in all regions it operates. Other than pure financial benefit from business operations, Tecnotree seeks to contribute to the society by engaging different partners in collaboration, participating in discussion on economic and social issues, offering employment to students or other people in need of jobs, and by creating and participating in campaigns and activities that drive the development and vitality of the local business ecosystem.

QUALITY AND CUSTOMER SATISFACTION

Tecnotree's business is based on offering products, services and solutions to a large customer base. The company strives for the highest possible customer satisfaction, where the quality of products and services plays a key role. The goal is to provide agile, customer-oriented and high-quality services and to develop new competitive innovations. The quality of products and services is supported by a comprehensive quality management system. Quality is also bolstered by respecting customers, partners and employees in all interactions. Customer satisfaction is measured annually. On a scale of 1 to 5, the overall customer satisfaction rating in February 2018 was 3.7 (3.4 in 2017).

The company audits its operations on a regular basis. Tecnotree has ISO 9001:2015 and ISO 27001:2013 quality standards. Both standards were recertified in 2017 and they are valid until year 2021 and year 2020.

Vuonna 2017 auditoitiin ISO 9001- ja ISO 27001-laatustandardit, jotka ovat voimassa 2021 ja 2010 asti.

ANTI-CORRUPTION AND ANTI-BRIBERY

Tecnotree's anti-corruption and anti-bribery methods are described in the company's Code of Conduct. All employees are required to familiarize themselves with the Code of Conduct. Tecnotree adheres to responsible business practices in all areas of its operations.

Tecnotree requires its employees to follow laws and regulations as well as generally accepted best practices and standards related to business ethics in all their actions. Employee representatives shall not receive gifts that influence business solutions or have significant monetary value. No nepotism in business decisions, corruption or bribery of any kind shall be tolerated. All of the company's business dealings are transparently performed and accurately reflected on Tecnotree's financial books and records. Tecnotree has a whistleblowing channel through which it is possible to report any suspicions of misconduct or policy violations for internal investigation within the company.