

Musala Soft

Corporate Citizenship and Environmental Performance Report 2017



**"If we lose the forests,
we will lose the fight against climate change"**





Top Management Message

Musala Soft is committed to be a socially responsible company. We support our employees to be citizens of the World and together inspire and implement positive ideas for the sustainable growth of the society. The impact of such a behavior is not only “here” and “now” but also “in the future.”

Elena Marinova, President of Musala Soft

Sustainability Strategy

Musala Soft’s emphasis on sustainability is meant to ensure that the actions we take today do not jeopardize the future generations’ ability to realize their goals and dreams. We recognize that an effective strategy addresses the environmental, social, health and safety, product, supplier and economic components of sustainability.

Environmental

- Drive continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility among our employees.
- Ensure our operations comply with relevant environmental regulations.
- Conduct our operations in a manner committed to the conservation of resources, prevention of pollution and promotion of environmental responsibility.

Social

- Conduct our business with uncompromising integrity and promote human rights within the company’s sphere of influence.
- Ensure employee engagement in the success of the company.
- Be an economic, intellectual and social asset to each nation and community in which we operate.

Health and Safety

- Create the health and safety practices and work environments that enable our people to work injury and illness free.
- Ensure our operations comply with relevant occupational health and safety regulations.

Products

- Ensure our products meet or exceed their published specifications.
- Ensure our products comply with relevant safety and environmental standards and regulations.

Supplier

- Inform suppliers and contractors of our environmental and social responsibility expectations. Require them to adopt management practices aligned with our expectations.

Economic

- Create economic value for our shareholders.
- Achieve our financial objectives in a sustainable and responsible manner.

Governance, commitment and engagement

Musala Soft's Corporate Citizenship Statement

Musala Soft is committed to conducting business in an ethical, socially responsible and environmentally sustainable manner. Our Citizenship Objective is to be an economic, intellectual and social asset to each nation and community in which we operate. [Musala Soft's Community Relations programs](#) are tangible examples of our commitment to exemplary Corporate Citizenship.

Musala Soft's Corporate Citizenship commitment is consistent with our [CSR and Environmental Policy](#) and [Musala Soft Code of Conduct](#) - all essential for continued business success. **The Musala Soft ISO 14001** certified company-wide environmental management system is used to manage and drive continuous reduction of adverse environmental impacts.

Musala Soft and ISO 26000

ISO 26000 is a voluntary International Standard providing guidance on social responsibility. Musala Soft recognizes ISO 26000 as a reference document which provides guidance on social responsibility. Musala Soft aligns with the ISO 26000 standard as part of our social responsibility practices.

Organizational Profile

Musala Soft is a leading Bulgarian software engineering services company, specialized in the delivery of complex and large-scale software projects, IT consulting and solution implementation.

The overall company goal is to enable our clients to leverage cutting edge information technologies while focusing on effectively using their existing assets. The company's reputation of a reliable service provider owes to a track record of successful projects and satisfied clients.

Awards 2017



Triple win in January 2017 at Forbes Business Awards: 1st place in “Client Policies” and “Services Quality” categories and 2nd place in “Human resources Development” categories.

In February 2017, the Bulgarian Association of Information Technologies awarded Musala Soft in “Corporate Social Responsibility” category.





In February 2017, Musala Soft became the only Bulgarian company with Ruban d'Honneur prize by the European Business Awards in the "Best Employer" category.

More information about the European Business Awards you can find at:
<http://www.businessawardseurope.com/>

In May 2017, Musala Soft won the prize of the Bavarian representation in Bulgaria for outstanding contribution to the economic relations between Bulgaria and Bavaria.



Forbes Business Awards 2017 — Second place in "Employee of the Year" category with Kraicho Kraichev, VP of Engineering

European Business Awards 2017/18 - Musala Soft shortlisted in "ONES TO WATCH" list of business excellenc.



Certificate of Gratitude from Plovdiv University
"Paisii Hilendarski"

Musala Soft among the biggest IT companies in Bulgaria in Capital 100 chart (annual ranking of businesses operating in Bulgaria by Economedica)



Green Events 2017



December 2017 — Musala Soft football team won third place in the IT Championship.

August: Musalymics Skopje with outdoor sports and fun for Musala Soft employees and their families



August: Musalymics Ruse — an active day in the countryside.

August: Musalymphics Sofia — an active day with sports and fun in nature



August: Climbing of Musala peak

July: Software Tennis Cup 2017 — 1st Place Men



May: Rafting adventures down Struma river

May: Wizz Air Skopje Marathon.



April: Musala Soft Grand Team Building.

April: 1st Place at Easter Table Tennis Tournament.



February: Snowshoes walk in Vitosha mountain.v

Memberships in industry associations and national/international advocacy organizations

Musala Soft participates in industry and professional organizations - local, national and global. Participation helps us achieve business and citizenship goals by enabling us to work with other companies on issues that affect our industry. Memberships also keep Musala Soft abreast of industry issues and best practices and provide vehicles through which we can contribute to and influence public policy. Examples of these memberships are:

- Bulgarian Association of Software Companies (www.basscom.org)
- Bulgarian Association for Information Technologies (www.bait.bg)
- Bulgarian Chamber of Commerce and Industry (www.bcci.bg)
- Confederation of the Employers and Industrialists in Bulgaria (www.ceibg.bg)
- Enterprise Europe Network - the largest information and consultancy network in Europe (<http://enterprise-europe-network.bg>)
- American Chamber of Commerce in Bulgaria (www.amcham.bg)

List of stakeholder groups engaged by the organization

Musala Soft's stakeholders include:

- Employees
- Customers
- Academic institutions
- Technological partners
- State and other institutions
- Suppliers
- Media
- Memberships of the Musala Soft President
- Branch organizations
- NGOs

The feedback from our stakeholders provides us with information to help improve our environmental, social and economic performance. Our Corporate Communications department uses the input it receives to help guide our community programs, such as volunteerism and grants.

Environmental Performance

Musala Soft is committed to conducting its business in an ethical, socially responsible and environmentally sustainable manner by reporting performance and ensuring that production and operations meet relevant environmental legislation and regulations. We operate under a company-wide Social Responsibility and Environmental Management system, that applies to our design, development, manufacturing, distribution and service operations. **Musala Soft has demonstrated its effectiveness in managing environmental impact by maintaining an ISO 14001 compliance and achieving certification by the standard.** Our Social Responsibility and Environmental Management system is a tool to drive continual improvement in environmental performance and pursuit of sustainability.

1. Musala Soft's Environmental Aspects

As a software company, Musala Soft's impact on the environment from its own operations is relatively low. But we realize that like every other company with office and administrative activities, we use electricity, paper, electronic equipment, consummative for printing, faxing, scanning. All of them are related with natural resources depletion, emissions to air, land contamination, and therefore considered as environmental aspects, having impact on the environment.

Environmental aspects are a key component in Musala Soft's environmental management. They define the scope of the responsibility of an environmental management system as well as give input to other actions related with sustainability strategy development, and are therefore the ones that focus the environmental work on.

1.1. Significant Environmental Aspects

Significant environmental aspects are the most important environmental aspects which cause the highest environmental impact or are important due to legislation and other requirements.

Generally the following significant environmental aspects are prioritized at Musala Soft:

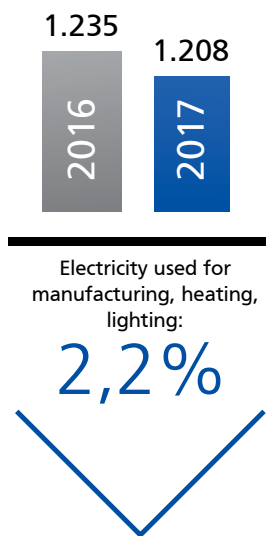
- **Emissions to air**
 - • **Transportation (flights, cars, taxies, public transport - bus)**
- **Generation of waste**
 - • **Paper and cardboard**
 - • **Toners**



- • Batteries and accumulators
- • Electronic equipment
- Use of natural resources
 - • for transportation (flights, cars, taxis, public transport - bus)
 - • for electricity
 - • for paper consumption

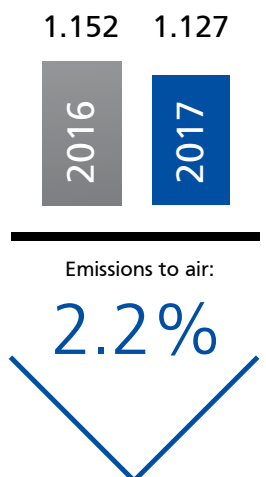
For each significant environmental aspect there is a quantitative representation in terms of an environmental indicator, which is used as a tool for assessing environmental performance and reporting on progress towards sustainable development.

1.1.1. Electricity consumption and generated GHG emissions (Scope 2)



Electricity used for manufacturing, heating, lighting:

| Metric | Unit of measurement | 2016 | 2017 | comparison 2016/2017 |
|-----------------|---------------------|-------|-------|----------------------|
| Electricity use | MWh/per employee | 1.235 | 1.208 | 2.2% |



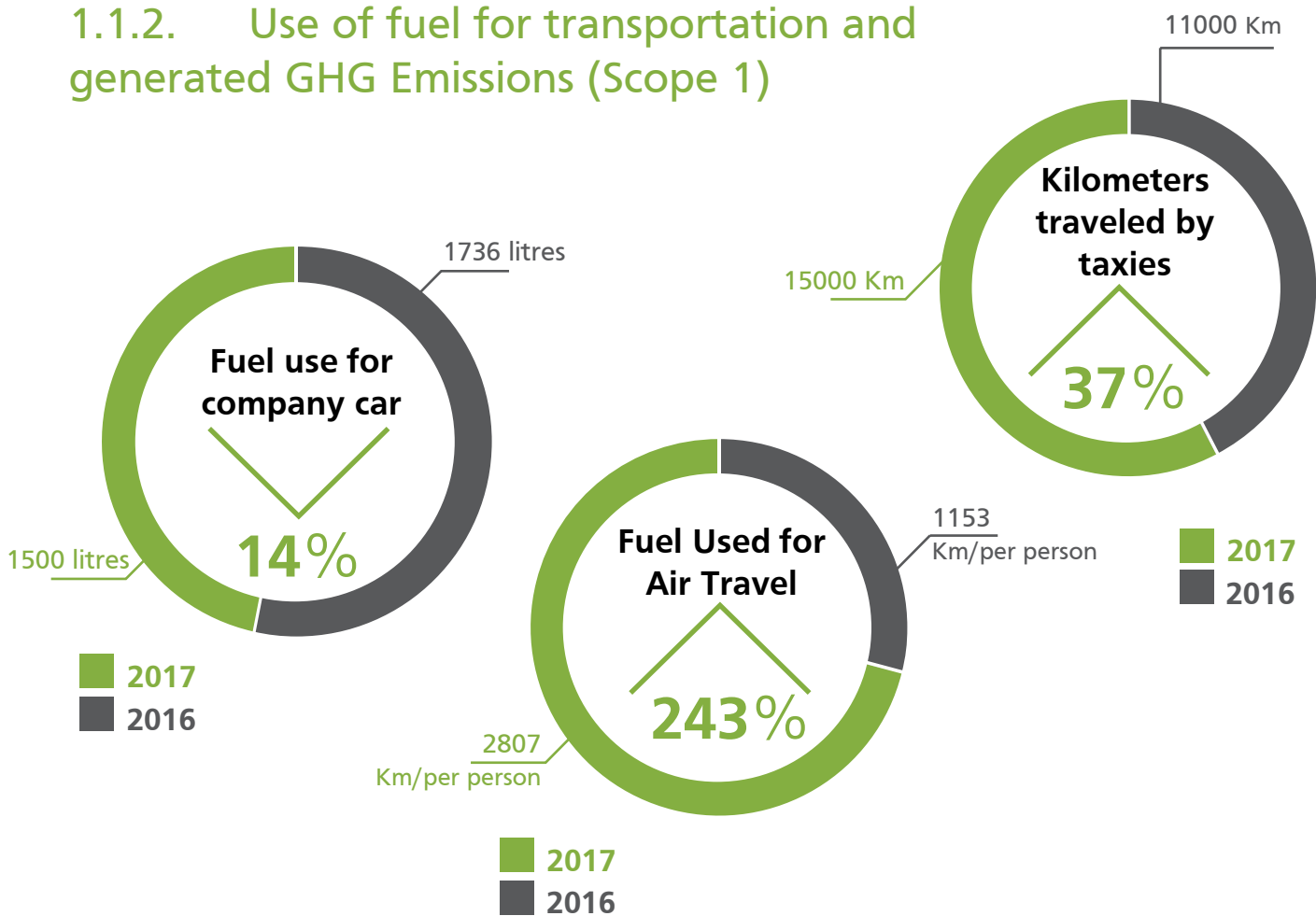
Emissions to air:

| Metric | Unit of measurement | 2016 | 2017 | comparison 2015/2016 |
|--|--------------------------------------|-------|-------|----------------------|
| GHG emissions generated by electricity use | tCO ₂ /MWh (per employee) | 1.152 | 1.127 | 2.2% |

Measures to reduce indirect energy consumption

- Virtualization of storage space, servers and network resources where reasonable - reduce power consumption, noise and heat output, as well as hazardous waste;
- Use an external Data Center for high consuming devices;
- Observe energy efficiency policies.

1.1.2. Use of fuel for transportation and generated GHG Emissions (Scope 1)



| Metric | Unit of measurement | 2016 | 2017 | comparison 2016/2017 |
|-----------------------------------|---------------------|-------|-------|----------------------|
| Fuel used for company car | Total liters | 1736 | 1500 | 14% |
| Kilometers traveled by taxis | Total km | 11000 | 15000 | 37% |
| Kilometers traveled by Air Travel | Km per person | 1153 | 2807 | 243% |

Emissions to air:

| Metric | Unit of measurement | 2016 | 2017 | comparison 2016/2017 |
|---|---------------------|--------|-------|----------------------|
| GHG emissions generated by company car | Total CO2 kg | 4646 | 4014 | ↓ 13.8% |
| GHG emissions generated by use of taxis | Total CO2 kg | 2612 | 3598 | ↑ 37.7% |
| GHG emissions generated by Air Travels | CO2 kg per person | 101.42 | 87.16 | ↓ 278% |

Measures to reduce consumption of fuel and GHG emissions generated:

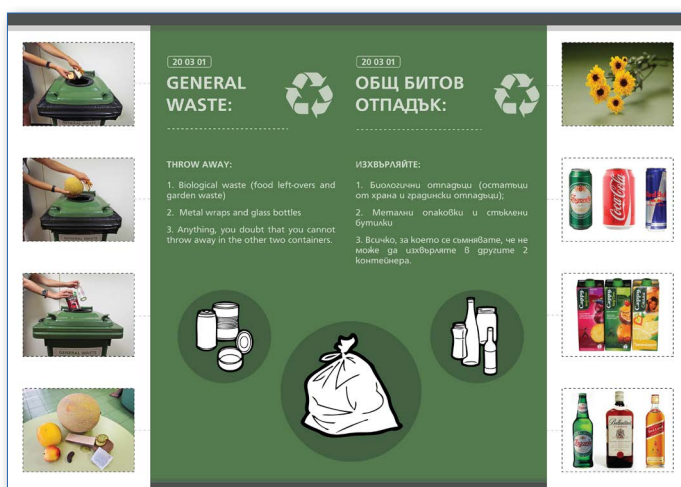
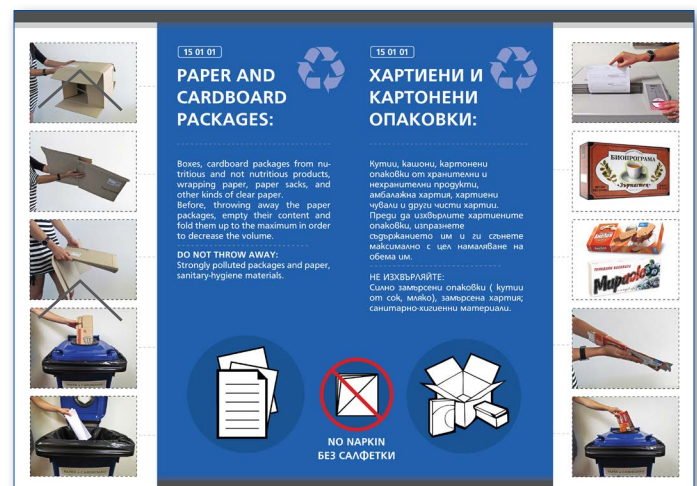
- Observe using tele- and video-conferencing when possible
- Preferably use of eco-friendly airlines for business flights
- Use of public transport, instead of company car or taxis when possible
- Alternative ways for going to work – use bicycle, go walking when reasonable

1.1.3. Generation of waste

| Metric | Unit of measurement | 2016 | 2017 | comparison 2016/2017 |
|----------------------|---------------------|------|------|----------------------|
| Paper and cardboard | kg | 304 | 246 | ↓ 20% |
| Batteries | kg | 42 | 40 | ↓ 5% |
| Toner cartridges | number | 21 | 20 | ↓ 4% |
| Plastic | kg | 1258 | 1268 | ↑ 1% |
| Electronic equipment | kg | 75 | 76 | ↑ 1% |

Measures to reduce waste generation:

- Paper-less office — continue and extend where possible usage of internal systems for automating business processes and administration activities
- All documentation is kept electronically
- Usage of high quality equipment for printing/faxing with economical use of consumable materials
- Waste separation - eco-bins for PLASTIC, PAPER and separate storage rooms for paper/cardboard waste, toners, batteries and obsolete equipment
- Waste recycling — use only licensed companies for waste disposal, authorized for recycling waste in a sustainable manner
- Economic use of paper — eco - friendly printing rules:
 - • Print double sided
 - • Print More than One Page Per Sheet
 - • Use Print Preview and Shrink to Fit
 - • Only Print the Selection You Need
 - • Print to PDF Instead of Paper
- Environmental company awareness initiatives, focused on propagating waste segregation



1.2. Objectives and targets related with Musala Soft's Significant Environmental Aspects:

| Aspect | Objective | Target 2018 |
|--|--|--|
| Electricity use | Increase efficiency, reduce electricity use and reduce GNG emissions | 1% reduction of electricity use compared to 2017 1% Reduce emissions compared to 2017 |
| Consumption of paper for copying, faxing, printing | Reduce annual paper & printing purchases | 1% reduction of paper purchased compared to 2017 |
| Generation of waste paper and cardboard | Recycle paper & cardboard waste | 3% reduction of waste from paper compared to 2017 |
| Generation of waste from batteries, toners | Recycle waste where possible | 2% reduction of waste from batteries and accumulators compared to 2017 |
| Generation of waste from batteries, toners | Recycle waste where possible | 2% reduction of waste from toners compared to 2017 |
| Generation of waste from plastic materials | Reduce waste | 2% reduction of waste from plastic compared to 2017 |
| Use of fuel for air travel | Reduce emissions | 1 % Reduce emissions per employee compared to 2017 |

1.3. Other Environmental aspects

Musala Soft's environmental aspects include also other environmental aspects, considered as non-significant due to the low environmental impact and/or low level of occurrence. Controls for reducing environmental impact for all Musala Soft's aspects are established and considered during evaluating environmental performance. All Musala Soft's environmental aspects are evaluated during management reviews, upon changes in legislation or changes in business operations, having impact on the environment.

Other environmental aspects:

| Aspect | Impact | Rationale | Controls in place |
|---|-------------------------------------|--|---|
| Generation of general waste | Land contamination Air pollution | General waste is generated from household activities. Considered as non-significant due to the small quality, not related with business operations | General waste is gathered and controlled by the building landlord |
| Generation of waste from company cars maintenance | Land contamination Air pollution | Small number of cars, rarely used | Use of licensed services for car maintenance |
| Use of water in toilets | Use of limited water resources | Only used for washing, not related with business operations | |
| Storage & use of chemicals for cleaning | Water or land pollution | Limited usage, not related with business operations | Using chemicals marked with eco-signs |

Musala Soft is growing and expands its business. Over the past three years, the staff grew by 30%, and new offices were opened in Burgas, Ruse and Skopje. To ensure equal working conditions for all offices (administrative, technical provision, internal process training), a lot of business trips were performed and the transport costs made by the company has been increased. Musala Soft is trusted and preferred supplier of many global companies. As a consequence of ongoing partnerships and the integration of newly employed people in the different locations, additional business travels take place. However, Musala Soft managed to decrease the level of harmful emissions from air transport through 2016 in comparison with the previous period. Following our Code of Conduct, we strive to facilitate the communication between the employees in the different locations in order to provide opportunities for better integration of the team members and to create efficient working environment. We develop internal communication platform which will help us to achieve these goals and we expect that it will contribute to the positive outcome in the future. Furthermore we are implementing a new way of calculation of emissions in the company as per employee, in order to determine more accurate indicators, to measure that we will meet the company long-term plan, considering our business growth.





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View Report at:
<http://www.musala.com/community/community/>
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