Musala Soft
Corporate Citizenship and Environmental Performance Report 2021

MusalaSoft

"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.

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.

Ethics

- Adopted number of policies available at all times for every member ensuring strong ethical behavior.

- Operate by maintaining and demonstrating trust, ethics and clear vision starting with the top management.

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 which is recognized by Musala Soft 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 2021

Musala Soft was named Innovative Company of the Year at the b2b Media Awards 2021. The awards recognize companies that show resourceful business approaches, flexibility, innovation, successful strategies, care for society and their employees.

Winner in the "Technologies in Human Resources Management" category in the Employer of Choice Awards 2021 organized by To The Top Agency. More than 50 companies with 96 projects took part in the evaluation process, and the winners were determined by a jury composed of national and international experts with experience in the field of Human Resources.

Special Award at DigiTalk Awards for NRA project - "Upgrading systems of the National Revenue Agency of Bulgaria". Musala Soft is software partner of the project.

"HR Strategy of the Year" award at the Employer Branding Awards by b2b Media.

Honored with a "Golden Heart" award in the category "Education: Training and Development of the IT Sector". The awards are organized by "Business Lady" magazine, and the goal is to recognize successful practices in the field of charity and CSR.

Finalist in the Forbes Bulgaria Business Awards for "Employer of 2021".

Winner as a software partner of NRA at BAIT AWARDS 2021. Category "Public Administration" - "Upgrading systems of the NRA (National Revenue Agency of Bulgaria) for the provision of data and services to internal and external systems.
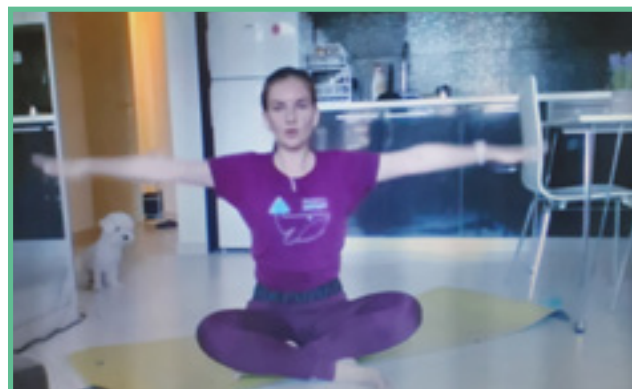
January: Night skiing with colleagues on Vitosha mountain.

January: Winter-TEAM-Time - Snowy hike in the mountain

February: Snowshoes walk in Rila mauntain.

February: Hiking with Musalenians - Monthly hikes with colleagues.

March: Stay Active — online sport activities with our colleague and trainer - Sofija

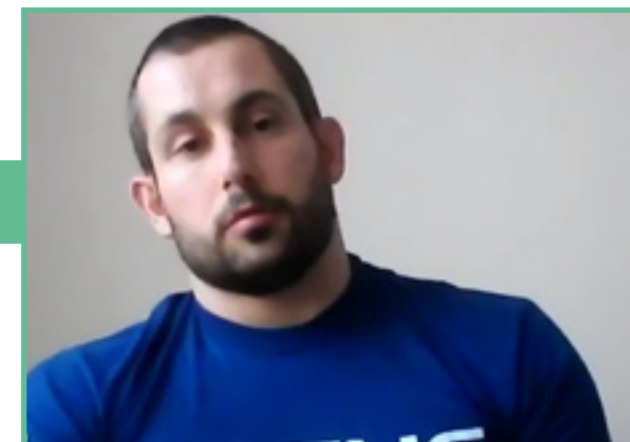March: Hiking with Musalenians — Monthly hiking with colleagues.

April: Stay Active — Online event with a professional trainer.

May: Hiking with Musalenians - Monthly hiking with colleagues.

May: Stay Active - online sport activities with our colleague and trainer — Sofija.

June: Children's day celebration — outdoor event for colleagues and their families.

June: My Musala Summertime — teambuilding with outdoor games and activities for colleagues from Office Burgas and their families

June: Toy for Joy — Charity initiative for Children's Day.

August: Beer & Dogs — a walk in the park for colleagues and their pets.

June: Musala Soft Grand Team building — outdoor teambuilding games for the whole company.

July: Newcomers party — Summer outdoor teambuilding event with music for old and new colleagues.

September: My Musala Summer Fest — an outdoor teambuilding event with music and dancing

September: Wizzair marathon — with our team from Skopje.

November: Tech Run Marathon — with our team from Sofia

December: Tabachka Run — with our team from Ruse.

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.
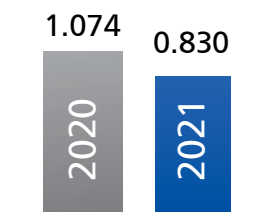Generally the following significant environmental aspects are prioritized at Musala Soft:
- **Emissions to air**
  - • **Transportation (flights, cars, taxies, public transport - bus)**

- **Generation of waste**
  - • **Paper and cardboard**
  - • **Toners**
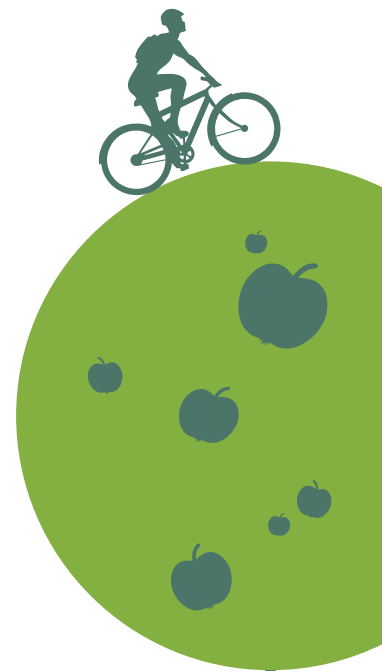
- • Batteries and accumulators
- • Electronic equipment

- **Use of natural resources**
  - • **for transportation (flights, cars, taxies, 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.

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)

3649 Km

Kilometers traveled by taxies

1454 Km

60%

432 Km/per person

1464 litres

Fuel use for company car

918 litres

37%

7 Km/per person

Fuel Used for Air Travel

98%

2021
2020

1.1.1. Electricity consumption and generated GHG emissions (Scope 2)
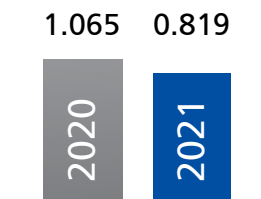
1.074   0.830

2020   2021

Electricity used for manufacturing, heating, lighting:

23% ▽

Electricity used for manufacturing, heating, lighting:

Metric	Unit of measurement	2020	2021	comparison 2020/2021
Electricity use	MWh/per employee	1.074	0.830	▽ 23%

Emissions to air:

1.065   0.819

2020   2021

Emissions to air:

23% ▽

Metric	Unit of measurement	2020	2021	comparison 2020/2021
GHG emissions generated by electricity use	tCO2/MWh (per employee)	1.065	0.819	▽ 23%

Metric	Unit of measurement	2020	2021	comparison 2020/2021
Fuel used for company car	Total liters	1464	918	▽ 37%
Kilometers traveled by taxies	Total km	3649	1454	▽ 60%
Kilometers traveled by Air Travel	Km per person	432	7	▽ 98%

Emissions to air:

Metric	Unit of measurement	2020	2021	comparison 2020/2021
GHG emissions generated by company car	Total CO2 kg	3.918	2.457	⌄ 37%
GHG emissions generated by use of taxies	Total CO2 kg	0.867	0.345	⌄ 60%
GHG emissions generated by Air Travels	CO2 kg per person	15.001	0.276	⌄ 98%

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 taxies when possible
- Alternative ways for going to work — use bicycle, go walking when reasonable

1.1.3. Generation of waste

Metric	Unit of measurement	2020	2021	comparison 2020/2021
Paper and cardboard	kg	370	390	⌃ 5%
Batteries	kg	7	7	— 0%
Toner cartridges	number	24	10	⌄ 58%
Plastic	kg	956	850	⌄ 11%
Electronic equipment	amount	130	128	⌄ 1.5%

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 2022
Electricity use	Increase efficiency, reduce electricity use and reduce GNG emissions	Due to expected returning of employees in the office, keep the level of values of electricity use and emissions as in 2021
Consumption of paper for copying, faxing, printing	Reduce annual paper & printing purchases	Due to expected returning of employees in the office, keep the level of values of consumption of paper as in 2021
Generation of waste paper and cardboard	Recycle paper & cardboard waste	Due to expected returning of employees in the office, keep the level of paper and cardboard waste generation as in 2021
Generation of waste from batteries, toners	Recycle waste where possible	Due to expected returning of employees in the office, keep the level of waste generation from batteries and toners as in 2021
Generation of waste from plastic materials	Reduce waste	Due to expected returning of employees in the office, keep the level of waste generation from plastic materials as in 2021
Use of fuel for air travel	Reduce emissions	Due to expected returning of employees in the office, keep the level of values of emissions as in 2021

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 eko-signs

Musala Soft is continuously growing and expanding its business. By adopting the policy Work From Anywhere at the end of 2020, Musala Soft supported the general wellbeing of its employees in pandemic conditions and made even more significant changes to the waste generation compared to 2020. There was as well evident decreasing of the harmful GHG emissions as a result of the imposed travel limitations. In 2021, Musala Soft expanded her operations in Kosovo and took initial steps for establishing of an office in Cairo-Egypt, once again proving the global approach of the company and the diversity of cultures which make the company great.

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 are constantly upgrading our internal communication platform which helps us to achieve these goals and we are confident that it has significant impact in the building of our successful international, multicultural corporate family.

By adopting number of policies and adhering to the best ethical and business practices, we strive to encourage, through example, the highest professional standards among all those with whom we collaborate.

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