

Sustainability Report

Communication on
Progress

*We are the change we want
to see in other people!*

Contents

About INSOFT	4
Stakeholders	6
Clients and partners	6
Employees	7
Leading responsibly a dynamic and growing business	8
Strategic leadership	9
Principles of social responsibility	10
Profitable and transparent business development	11
Commitment to satisfying customers' needs –our priority	12
Respect for partners	12
Support for disadvantaged groups	12
Responsible attitude towards the community and the environment	13
Performance, development and merits recognition of the employees	13
Anti-corruption	14
CSR – key areas of involvement	15
Education	16
Research & development and academic support	16
Education projects	17
Internal training program	17
Labor market access	18
Environment	19
Certifications	19
Recycling	20
Environment projects	20
Events	20
Charitable activities	21
Plans for the future	22



“Sustainability is one of the concepts defining our activity, and a strong driving force for our business. INSOFT team shares Global Compact’s values and objectives, maintaining through all our actions, an ongoing commitment to the organization’s principles.

Our sustainability efforts grew up together with our business, trying constantly to focus on areas where we can have the most impact and can make the most significant difference. Through our sustainability strategy, we will continue to achieve outstanding results on our way to respect all our commitments.”

Cristian Aciubotăriței – CEO & Founder
of INSOFT Development & Consulting

About INSOFT

INSOFT Development & Consulting is an IT company, valuing young talents and focusing on achieving positive results for the final beneficiaries. The company aspires to include innovation and to achieve excellence in all the developed projects, succeeding to increase substantially in a short period of time. INSOFT is one of the largest systems integrators in Romania. The company provides, nationally and internationally, advanced IT solutions in different areas: governmental, educational, health, emergency, labor market, research and innovation and business. The company had an impressive increase of the sales and turnover reaching 31.9 mln euro in 2014. By diversifying the range of projects implemented during 2014, the company has confirmed its status of a complete IT systems integrator.

We followed an extensive process of internal reorganization that helped us to improve our efficiency while maintaining high quality standards in providing IT products and services. Our team has grown to 150 specialists, each member contributing to the development of outstanding IT solutions with high impact potential in one of the most competitive national and international market. The efficient management and continuous development are among the key elements of any successful project. The **deep understanding** of each project requirements, a **sound methodology, coherent procedures and services' quality standards** are the fundamentals of our business approach and elements differentiating us from the competitors.

Last years INSOFT has substantially increased its market share, and in order to explore emerging opportunities and to differentiate ourselves from other similar suppliers, we focused on attracting European funds and investments in R&D projects. Thus, INSOFT is developing **5 R&D projects** partially funded by EU programs. These projects bring new products in the company's portfolio: **2 products** in the **eEducation suite**, an **eHealth platform** and an **UAV based solution** for the critical infrastructure and large energy distribution networks monitoring.

An investment of 11 mil USD has been made for one of the main R&D projects developed in the region – CREVIS project. This project will include a unique Center of Excellence for remote monitoring by means of augmented and virtual reality of the critical infrastructures and people training as well. Eleven partners from both, business and academic areas are involved.

Innovation is the concept we build our framework around, a beneficial approach for our company, final beneficiaries, industry and society as a whole.

Although we have already generated value added by the used technologies and implemented projects, we are aware there is more we can do. That's why social and environmental risks are treated as business strategic risks and are evaluated regularly as a part of the risk management process.

INSOFT takes its first steps in implementing a strategy contributing at local community life improvement and our CSR policy, guides our progress. We believe that setting a good example is the greatest benefit that might inspire other organizations, companies and individuals to increase the efforts and performance level concerning the social and environmental responsibility.

By joining the UN Global Compact we undertook the long term commitment in implementing and promoting the universal principles covering human rights, labor and environmental protection, anti-corruption and ethical behavior in business.

The following report shows the impact that INSOFT has had on the Romanian society, namely the customers, employees, business partners, communities it belongs and the environment. This report launches new challenges for us as a company and for other companies in Romania showing the effects of implementation of CSR policies and how they contribute to the company's efficiency growth.

Principles supporting our development strategy



Stakeholders

Customers, partners and employees appreciate INSOFT'S dedication to serve the social environment. This engagement generates a sense of pride and accomplishment and often leads to further additional actions for the communities they live in and their personal lives improvement.

Our CSR policy proves the stakeholders, we share their own values, this fact improving our business and social relationship focusing our joint efforts on creating together a better world.

Clients and partners

We are interested to develop cooperative, mutually beneficial relationships with our clients and partners. The INSOFT team does its best to offer its clients the high level quality products, developed on the basis of the latest technologies in order to answer professionally to their business needs. In this regard we focus on innovation and establishing long-term partnerships with top suppliers, whose expertise can bring added-value to the projects we develop. We are committed to provide the highest level of professional excellence in developing complex IT solutions.

INSOFT team understands and anticipates clients' and partners' needs, thus responding promptly to their requests. We like taking challenges and we provide **innovative solutions**, thus, becoming our client's long-term partners in implementing successful projects.

We recognize our clients' and partners' contribution to our business success; that is why we treat them with respect and honesty. We always try to establish win-win relationships in order to build long-term partnerships.



Employees

Our success relies on the knowledge, creativity, integrity, skills and teamwork of all the INSOFT employees. In order to ensure a productive workplace we focus on creating an environment rewarding the commitment and performance, being responsive to the employees' needs. We support all the employees in achieving their full potential and encourage them to fulfil their professional development needs.

Our main objective is to create a team of young, innovative, technology enthusiast professionals. That is why our team is composed of highly trained and experienced people, who help us to efficiently deliver first class solutions to our clients. More than 80% of the team is represented by people with a strong background in software development, project management and implementation.

We actively **promote gender equality**. That's why from the total number of the employees, 39.5%, are women. We encourage equal opportunities for both, women and men, women having unlimited access to all available management positions in the company. Moreover, we **discourage the discrimination of the persons with disabilities** by facilitating their access through special designed ramps, by adapting the workplace to their needs and assuring close-by parking spaces.

We developed a health benefits program, our employees taking advantages of private health services. This program is available to all our employees. In addition, we offer a pleasant work environment and in this respect we established a recreational space featuring tennis tables. Once a year we organize an internal table tennis championship. We encourage healthy hobbies and sport practicing among employees promoting them by means of our internal Newsletter.

The employees' dedication is fundamental in achieving our sustainability goals. In this effect we ensure an ongoing, clear and open communication program just to be certain they know what our main objectives are and their important role in the company.

In addition, INSOFT is certified according to international standards requirements. The company is SR OHSAS 18001: 2008 certified - for the management system of occupational health and safety. The standard SR OHSAS 18001: 2008 (Occupational Health and Safety Assessment Series) represents the alignment of INSOFT to a management standard concerning the occupational health and safety, creation of a unique framework for the occupational risks removal, the identification and assessment of the occupational hazards.



Leading responsibly a dynamic and growing business

Corporate responsibility is embedded in our strategy of business. Consequently, as strategic leaders, we have an additional set of challenges, we have to create inspiring opportunities and translate them into productive methods of working. We share a vision of innovation. Strategic changes are one of the most central concerns of the company.

We are articulating this vision by all our social actions, trying to mobilize and support others to develop and reach their full potential for achieving change. INSOFT believes that these activities are beneficial to society and strengthen corporate value leading to a more prosperous and healthy community.



The tone at the company top, defines the management commitment toward an efficient mechanism against bribe, corruption, frauds or law violation. This approach has become a matter of policy within the company. We are dedicated to implement an efficient risk management, and our entire management team has zero-tolerance to any inappropriate action that might affect the company, the employees, our partners or clients.



Principles of social responsibility

The INSOFT organizational culture defines a business model built on ethical values as our actions, decisions and behavior will always feature respect, integrity, transparency, honesty and trust. INSOFT is committed to the highest ethical standards in every aspect of the business. We try to integrate the ethical behavior into all our business activities.

Our Code of Ethics is based on these values and on 5 principles – to manage a profitable and transparent business, to satisfy our customers' needs by applying

the highest quality standards, to respect our partners and collaborators, to have a constant responsible attitude towards the community and the environment and to support by all means the development of our employees and teamwork.

We encourage each employee to respect the INSOFT ethical values and the main principles that guide our strategy. Ethics is part of our corporate branding and we require that every employee of the company commit to this value.



Profitable and transparent business development

In a challenging and unpredictable market, we aim to achieve performance and contribute to the improvement of the IT&C domain. By all our internal procedures we support a transparent communication, both within the company as well as with the external stakeholders.

We consider transparency as being one of the main elements of a successful business, and we focus on communicating efficiently our business goals and achievements. We also value integrity and honesty, and believe that these are also important elements for managing a sustainable business in today's global market.

INSOFT is complying with the anti-corruption regulations and strongly believes in the rule of law. Our company will always condemn any act of corruption or other form of deviation from the law. All the activities we undertake and all the projects we implement are always in accordance with our company's ethic values and the legislation in force.

Our development benchmarks include practices such as: accountability, integrity and transparency. They guide us when we make decisions, formulate development policies and strategies for projects implementation.



Commitment to satisfying customers' needs –our priority

It is our commitment to offer products and services at the highest level of quality in order to meet our customers' needs at all times. We are in a continuous process of thoroughly monitoring, analyzing and improving our internal procedures as well as our external delivery processes in order to best adapt and come up with the most effective and innovative solutions to our customers' requests and promptly respond to any challenges.

Long-term partnerships are built in time and are based on honesty and respect. In order to create, maintain and strengthen relationships with customers and other business partners, we focus our activities on a long-term horizon of action, involving, in this regard, all the company departments.

In order to achieve this goal, we resort to a classical but still vital instrument when building our development strategy - besides the financial, social and structural benefits, our customers enjoy the opportunity to develop a partnership based on initiative, responsibility, sustainability and transparency.

In the same spirit of sustainable relationships development, we offer our customers assistance prior to developing a project by identifying their specific needs, accompanying them in all stages of the deployment and providing post implementation maintenance services, intervening whenever they need support.

Respect for partners

We always focus on establishing long-term partnerships that rely on a clearly defined and commonly shared set of values. We believe that equal rights, respect, mutual confidence and knowing each other's strengths and weaknesses are one of the key elements in building sustainable and successful national and international partnerships. By the policies INSOFTE promotes, we adhere to the Code of Business Conduct and claim the respect for the

others: partners, suppliers and customers, respect for the community and authorities, respect for the employees and our own shareholders. Avoiding conflicts and discrimination, sustaining transparent communication, confidentiality, fair competition, discipline, common values, diversity, dignity and human rights are the pillars that make our company a reliable long-term partner.

Support for disadvantaged groups

INSOFT solutions bring added value to the social environment and promote performance and excellence, consequently reducing the digital gap and supporting e-Inclusion. All **the solutions we develop and implement are easily accessible even to users with little IT&C literacy.**

These customized solutions are user friendly, based on the customers' specific needs and developed in the **respect of international standards** (for example the web based eLearning solution is SCORM compatible, and integrates highly interactive content that is adapted for adults, students, pupils etc.).

Responsible attitude towards the community and the environment

We are aware of the environmental and social challenges the modern society is facing. That is why we get involved in solving some of these challenges. Focusing on an open communication and being in a close relationship with the community, trying to contribute to its development and engaging in finding solutions for the current social problems represent a continuous challenge for us.

Integrating the principles and recommendations of the international institutions, the rules and regulations of national institutions and local administrative decisions in our development policy is an essential component of our business vision.

Thus, we contribute to an efficient solution of the social and environmental problems, through a proactive approach; we encourage the development and implementation of environmentally friendly equipment and technologies.

We organize campaigns in support of society education for a clean and healthy environment, promote balance and moderation in the use of natural resources; in the same spirit, we formulate public policies that we share with the employees, partners and customers to support a “desirable corporate behavior”.

Performance, development and merits recognition of the employees

The success of the developed projects is made possible thanks to the experience, professionalism and outstanding quality of the INSOFT team. We insist on the professional and personal development of each one of us and in this regard we encourage and facilitate the participation in continuous trainings and specific educational programs.

INSOFT action program in support of the lifelong education and development of its personnel has several directions integrating principles of respect of human rights, namely the right to education, freedom of expression and association.

In this regard, we contribute to the elimination of all forms of forced labor, fight against all forms of discrimination, facilitate and promote the employment of people with disabilities, organize professional and personal development courses.

The concepts of “lifelong education” and “personal development” include activities helping to develop practical skills of communication, networking, socializing, professional skills upgrade, creativity and motivation. Thus, by the trainings, workshops and teambuildings we organize, we help our employees to define better their vocation, establish priorities, motivate themselves, learn new practices in their professional areas, improve skills they have and develop new skills. Furthermore, we have a psychologist within our team, to offer the employees support and counselling, regarding their career plan and professional development.

We perform in a challenging environment, the importance of the teamwork being essential for all involved parties success. Therefore we are concerned that each employee has been given the opportunity to achieve his personal and professional goals contributing this way to the accomplishment of the companies’ objectives.

Anti-corruption

Corruption is not a peripheral social concern that corporations can ignore or passively address — it is a bottom-line business issue that influences directly and negatively the companies' ability to compete fairly on the market.

Furthermore, it produces imbalances in the economy, in the detriment of the population, by diverting resources allotted to critical areas like education, social services and health care, to dishonest groups of people or organizations that use the financial resources for their personal benefit.

The fight against corruption is an important issue that businesses need to address promptly and efficiently.

That is why INSOFT is committed not just to fight against corruption and fraud but to support by all means honest business and fair human resource practices by implementing specific procedures within the company. We condemn any corrupt behavior and develop the necessary mechanisms to prevent any dishonest activity undertaken by our team members, partners or suppliers.

Thus we will continue to:

- **Ensure compliance** with ethical standards through programs increasing our level of integrity throughout all business lines and departments;
- **Strengthen preventive actions** discouraging any corrupt behavior within the company and strongly recommend our employees to promote corruption zero-tolerance and disclose it in any situation;
- **Commit to fight against any corruption risks** that might be generated by public tenders, procurement procedures or contract processes of large-scale projects that are designed to support sustainable development;
- **Provide transparent information regarding the sponsorships** we choose to make based on our business and communication strategy, and avoid any conflict of interest by selecting carefully the beneficiaries and monitoring the process to ensure that the funds/products/services are used for the intended and approved purposes;
- **Take immediate corrective actions** whenever any corruptive or dishonest behavior has been identified within our team, on the "supply side" (suppliers) or the "demand side" (beneficiaries).

CSR – key areas of involvement

INSOFT's corporate social responsibility activities reflect its philosophy of implementing sound business practices: innovative products and services and inspiring content development. Assisting the communities in which we operate and helping to shape a better, more sustainable society are core values that guide our actions. As the company moves forward in strengthening its development strategies at all levels and achieving its business targets, it will also continue to promote bold initiatives, including in its CSR agenda.

Our CSR strategy prioritizes the issues that are most important to our business and to our stakeholders. We implemented various educational projects and having acquired the necessary know-how in this field, we succeeded to improve our CSR activity. Our CSR agenda focuses mainly on educational projects and environment initiatives, because our lines of business are targeting these domains.



Education

We are making all the efforts to have a positive impact in the community, so we got involved in a series of educational projects that help us achieve our goal to improve our society by long lasting sustainable and durable actions. Our interest for getting involved in educational projects is a direct result of the fact that the

eLearning business line is one of the most profitable departments within the company. That is why we want to return to the society a part of the profit, in terms of added value, including our knowledge and expertise in developing modern educational resources addressed to various groups of final beneficiaries.

Research & development and academic support

In order to consolidate our capacity to deliver better products, based on high end technology, we run a series of research and development activities for the existing products, services, systems and processes improvement.

The research and development department activity is one of the key components in providing high quality standards and in innovative services development complying with our clients' needs. This approach encourages us to support different academic initiatives in order to promote new technologies generating positive impact for the future development.

INSOFT sustained the 11th International Colloquium on Theoretical Aspects of Computing – ICTAC 2014, gathering practitioners, researchers, academicians, industry and governmental representatives. They submitted their research outcomes and exchanged ideas and experience addressing challenges in both, theoretical aspects of computing and theory exploitation in systems development. Another conference purpose was to promote research cooperation and education between participants and organizations they belong to.

In 2014, ICTAC Colloquium took place in Romania and gathered a significant community of researchers in theoretical computing sciences.

Education projects

Besides the commercial projects, we are involved in several projects such as “Chess in school” and “Mobile Education” two educational projects that support our objectives, set for contributing to the improvement of our society and community by long lasting and sustainable actions.

As a result of the “Chess in school” pilot project implementation, the 3rd and 4th grade pupils from the Primary School no. 22 “Mexic”, Bucharest had the opportunity to discover the chessboard and the chess main pieces by using the innovative eLearning method – learnIN. Thanks to the learnIN digital interactive educational content, pupils acquired basic information on chess in a relatively short time, the results of the psycho-pedagogical research showing the school performances have been improved after the program implementation – School of I – VIII grades nr. 22 “Mexic”, Bucharest.

The “Mobile Education” project promotes the mobile technologies and Internet usage in the educational process. Within the project, pupils from “Adrian Păunescu” school, learned how to use the Internet in a more efficient and secure way and acquired important notions of Internet networking, digital security and web-based communication. INSOFT was one of the partners involved in the project initiated by the Romanian Internet Society (NGO) department.



Internal training program

Young people are the society future. That's why, INSOFT support them in acquiring the skills, knowledge and expertise giving them a competitive edge in today's labour market. For this purpose, we focus on providing dedicated programs for their professional development support.

Each year, students and master graduates from technical faculties have the opportunity to participate in training and skills development internships within INSOFT Development & Consulting. “INSOFT INternship” program aims to familiarize bachelors and master students with the most modern IT solutions, applied in practice.

“INSOFT INternship” gives students the possibility to participate in training sessions focused on applying and deepening the knowledge accumulated during the study period. Meanwhile, they have the chance to develop their personal and professional skills. Thus, the interns are integrated into existing teams interacting, this way, with the everyday working environment gaining experience in real projects.

Moreover, we support all our employees to participate in various trainings according to their personal career development plan.

Labor market access

The employment has become a major issue for most of the countries. In the European Union member states, 27 million people are unemployed and many more are economically inactive or working in poor conditions.

Starting with the projects addressed to the labor market we are involved in, we examined the possibility to expand our contribution. Thus, we obtained the license of Training Service Providers for professional development programs, a key element we can rely on, in building our future partnerships.

Concerning the next social responsible projects we target, they will aim to assist people from vulnerable groups in their professional and personal development, finding a job for them being a guarantee of a better standard of living.

Work search and employment requirements have changed in the contemporary society. That's why new approaches are needed. We understood the society need of change and developed innovative software products bringing benefits to thousands of people from vulnerable groups.



Environment

Working to protect and preserve our environment and contribute to the improvement of the social climate has always been one of our long-standing commitments. Environment proper care is essential to the quality of life for present and future generations. It is also fundamental to our business. In this spirit, INSOFT joined “Junimea Bratienilor” Organization as a sponsor for their eco-camp “Fagaras 2014” activities.

The planned activities included ecological clean-ups and Tourist Paths marking throughout the Arges County. Besides its ecological activities, the Association runs a series of support programs for underprivileged children. Annually, the club members collect and distribute aids, including educational resources, for underprivileged children from the Danube Delta area.

Certifications

INSOFT is complying with the legislation regarding environmental regulations for the environment protection and pollution prevention, being ISO certified for the environmental management system.

INSOFT is ISO 14001:2005 certified for the environmental management system - a proof that we meet the required standards. This assures that the company complies and follows the legislation with regards to the environment, implementing, in this purpose, a series of regulations for the pollution prevention and the social environment protection. In doing so we try to maintain a proactive approach and encourage recycling and other Eco friendly actions.



Recycling

INSOFT formulates and implements policies and procedures for the natural resources conserving, preserving the current state of natural environment and where possible, fighting against its degradation.

The INSOFT building is equipped with special recycling bins encouraging the waste sorting and sparing printing habits. The recycling bins are responsibly used by all the employees and a specialized company picks them up every month. When needed, we recycle electronic waste and used batteries.

As a part of the internal communication strategy, we created an ECO Friendly Flyer, promoting useful advice complying with the office everyday activities and making the difference in the environmental protection. These are common habits to implement, and employees are encouraged to adopt the same healthy habits in their personal lives. In the same spirit, we didn't print this flyer but distribute it online. We strongly recommend our staff to reduce their printing needs to a minimum, and use the e-mail communication, as much as possible.

Environment projects

We are involved in several EU funded projects on the priority axis 2 – “Environment” and 4 – “Appropriate Management Systems implementation for the nature protection”. The projects focus on the development of joint infrastructure and services to prevent natural and

man-made crises, including joint emergency response services and on the development of infrastructure and management plans for protecting the biodiversity within Nature 2000 network.

Events

We celebrate once a year, the Earth Day event that is a culmination of a year's green efforts and a call to action for employees. To us, Earth Day is a day for action; a chance to show how important the environment is to INSOFT.

In the period prior to this event, the company sends e-mails and reminders that encourage employees to shut down and unplug their appliances for this day and adopt this habit on long term in order of saving valuable resources.



Charitable activities

In 2014, we encouraged some initiatives taken by INSOFT employees among which we can mention:

Fund raising for Kola Kariola dogs' shelter

Helped by the colleagues involved in the fundraising, we succeed to purchase 165 kg of food for the dogs' shelter of the Animal Protection Association Kola Kariola.

Donations to the charitable group "Give and you shall be rewarded!"

During the Christmas holidays INSOFT employees made donations to families in need who are part of the charitable group "Give and you will be rewarded!"



Plans for the future

In 2015 we intend to continue the works we've already begun. We'll maintain the established partnerships and will conclude new ones to strengthen and diversify the CSR actions accomplished in 2014. In addition, we are considering a plan with quantifiable and measurable objectives to be met during 2015 that will help us to be more active and dynamic in the area of corporate social responsibility. By implementing our CSR initiatives and programs, we can exploit opportunities to increase our positive impact.

Considering the company's business strategy, we will work to establish important partnerships with non-governmental organizations involved in activities aiming at promoting education, employment market access for the disadvantaged groups and environmental protection.

A special attention will be given to interesting proposals towards social responsibility initiatives coming from our colleagues. By developing internal communication campaigns, we intend to involve them in social responsible activities. They will be encouraged to submit proposals for sustainable projects they would like to get involved in, and the company communication team will analyze and disseminate the messages. In case employees will be interested, we will provide support in implementing these projects.

As some interest of the employees for the philanthropic activities has been noted, their initiatives will be supported following a careful analysis, in 2015.

In order to encourage employees to lead an active life, initiatives promoting a healthy lifestyle will be encouraged. So, partnerships with sports organizations to encourage employees to practice healthy hobbies will be established.

We will also promote the initiative "2%", through which we have the opportunity to redirect the 2% of the income tax to a foundation, an association or a non-profit organization. Employees will be encouraged to help different organizations to carry out their missions by directing 2% of income tax contributing this way to solving problems in an area they consider important: social, environment, child protection, health, education etc.

As an adherent member to the UN Global Compact initiative, INSOFT will focus its future efforts to integration into the company's development strategy and current operations, several responsible activities based on the 10 key principles promoted by the organization. INSOFT will make all the necessary efforts to contributing in the United Nations - Millennium Development Goals achievement.

INSOFT Development & Consulting

19D Virtutii Drive, District 6,
1st-4th floor and ground floor, postal code 060783,
Bucharest, Romania

Phone: +40.374.023.255

Fax: +40.314.370.015

Email: office@insoft-dc.ro

Website: www.insoft-dc.ro