

**Statement of the  
Asseco Group  
on non-financial  
information for 2017**

**TABLE OF CONTENTS**

**INTRODUCTION**..... 3

**DESCRIPTION OF THE GROUP AND ITS BUSINESS MODEL** ..... 4

    THE ASSECO GROUP ..... 4

    MARKET POSITION OF THE GROUP ..... 5

    ORGANIC GROWTH ..... 5

    DEVELOPMENT THROUGH ACQUISITIONS ..... 5

    FEDERATION MODEL ..... 5

**EMPLOYEE ISSUES**..... 6

    PERSONNEL POLICY ..... 6

    STAFF EVALUATION AND DEVELOPMENT ..... 7

    ADDITIONAL NON-WAGE BENEFITS ..... 7

    RISKS IDENTIFIED IN THE AREA OF LABOR ISSUES ..... 7

**SOCIAL ISSUES**..... 8

    RISKS IDENTIFIED IN THE AREA OF SOCIAL ISSUES..... 8

**ENVIRONMENTAL ISSUES** ..... 9

    RISKS IDENTIFIED IN THE AREA OF ENVIRONMENTAL ISSUES ..... 9

**HUMAN RIGHTS ISSUES**..... 10

    RISKS IDENTIFIED IN THE AREA OF HUMAN RIGHTS ISSUES ..... 10

**ANTI-CORRUPTION ISSUES** ..... 10

    RISKS IDENTIFIED IN THE AREA OF ANTI-CORRUPTION ISSUES ..... 11

## INTRODUCTION

Below we are presenting a statement of the Asseco Capital Group (hereinafter referred to as the "Group", the "Asseco Group") on non-financial information for the year 2017, which constitutes a separate part of the "Report of the Management Board of Asseco Poland S.A. on business operations of the Asseco Group in 2017" and includes non-financial information regarding the Group from the period between January 1, 2017 and December 31, 2017. The Statement has been prepared on the basis of the Group's own rules, taking into account the provisions of the Accounting Act of September 29, 1994, the European Commission's guidelines on reporting of non-financial information and the National Non-Financial Information Standards (SIN) and the Global Reporting Initiative (GRI) international guidelines.

The selection and description of policies and performance indicators presented in the statement were made on the basis of a materiality criterion, taking into account internal and external factors related to the Group's operations. The main factors taken into account in the materiality assessment were the following:

- the industry in which the Group operates;
- its business profile and market environment;
- the scope of impact on local community and environment;
- stakeholders' expectations.

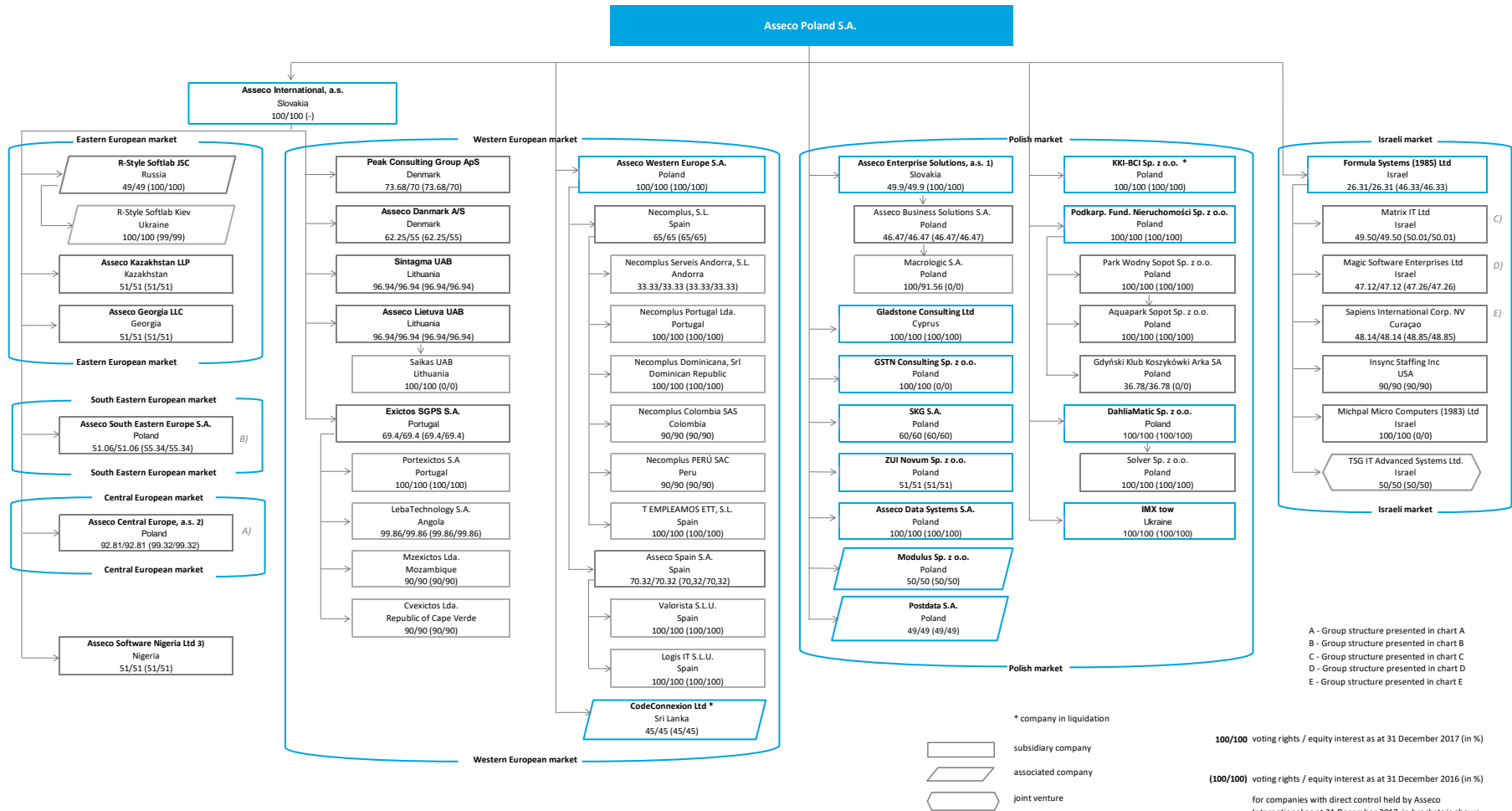
The data presented in the statement will be reviewed and updated in annual reporting periods and published regularly together with reports for subsequent financial years.

All policy descriptions and indicators covered by the statement have been compiled taking into account data from the parent company and the subsidiaries indicated below.

## DESCRIPTION OF THE GROUP AND ITS BUSINESS MODEL

### Organizational structure of the Asseco Group

The graph below presents the Asseco Group's organizational structure as at December 31, 2017 as well as in the corresponding period:



1) Asseco Poland S.A. holds 49.9% of shares in Asseco Enterprise Solutions, a.s., while the remaining 50.1% stake is held by Asseco Central Europe, a.s. Asseco Central Europe, a.s. maintains direct control over Asseco Enterprise Solutions, a.s.  
 2) Additionally Asseco Poland holds 0.06% stake in Asseco Central Europe, a.s.  
 3) Asseco International, a.s. holds 51% stake in Asseco Software Nigeria, however the company is included in Polish market

## THE ASSECO GROUP

The parent company of the Asseco Group is Asseco Poland S.A.

The Asseco Group is a federation of companies operating all over the world. They combine the competences of a software and service company and a producer of high-tech software. The Group cooperates with companies and institutions from key sectors of the economy, such as power industry, banking, insurance, telecommunication, public administration and health care.

An important element of the Asseco Group's development strategy is product and geographical diversification. Thanks to geographical diversification, the risk of negative impact of local factors on the Group's operations is significantly reduced, and a wide range of products protects Asseco from potential sector disruptions.

The Group distinguishes between various geographical regions in which its companies are located: Polish, Israeli, Central European, South-Eastern European, Western European and Eastern European markets.

The Asseco Group's strategy is focused on building long-term stakeholder value through organic growth and acquisitions. Owing to the Group's continuous geographical expansion and broadening of the range of products and services offered, the Asseco Group has been increasing revenues and operating profits for many years.

## MARKET POSITION OF THE GROUP

Asseco is the sixth largest software producer in Europe<sup>1</sup>.

The Asseco Group is the second largest capital group in Poland, as well as an IT company with the second highest net profit and the highest spending on research and development (R&D). It is worth noting that in terms of profitability, another company from the Asseco Group - Asseco Business Solutions - is ranked 7th<sup>2</sup>.

On a sectoral basis, Asseco Poland is the leader or one of the leading suppliers in its key business segments.

The Group's value building is based on two pillars: the development of proprietary software and services and the increase in the scale of operations through acquisitions.

The Group's business model is based on building value by providing proprietary software and IT services to business customers and public administration based on the best experiences of the Group's companies.

80% of the Group's revenues are generated from the sales of proprietary software and services. The Asseco Group generates 80% of its sales abroad.

## ORGANIC GROWTH

The Asseco Group's organic growth strategy is focused on the production and sale of proprietary software and IT services to customers on the global market. The Group's activity is based on sector-specific technological and business competencies. Asseco offers comprehensive solutions for entire sectors of the economy, and also sells standardized products for smaller companies.

## DEVELOPMENT THROUGH ACQUISITIONS

The Asseco Group has been pursuing an effective acquisition policy in Poland and abroad for many years. Asseco Poland, the leading company within the Group, is among the most experienced companies in this area in Poland. Since 2004, the Company has successfully completed more than 60 acquisitions, gradually increasing the scale of its operations and geographical reach. Other Group companies, in particular the Israeli Formula Systems group, also pursue an active and effective acquisition policy.

In its acquisition activities, the Group is focused primarily on increasing its competence in key business sectors, entering new geographical markets or strengthening its position in the countries where it already operates.

## FEDERATION MODEL

The Asseco Group operates on the basis of a unique model of cooperation - the federal model.

<sup>1</sup>According to "TOP 100 European Software Vendors 2015"

<sup>2</sup>Computerworld TOP200, Ranking of IT and telecommunication companies, Edition 2017, ranking by sales for 2016.

As the leading company in the Group, Asseco Poland is the largest shareholder in the companies that make up the Group, but it does not strive to hold 100% of shares. The companies joining the Asseco Group maintain a wide range of autonomy in their day-to-day operations and the goal of the Group is to set out their strategic development directions and goals and supervise their achievement.

The functioning of the Group in the federation model is based on mutual trust and clearly defined principles of cooperation between its participants.

Such a model of cooperation creates a wide area for sales and cost synergies in the Group's operations. Its activities are aimed at the long-term improvement of the effectiveness of individual companies that are its members.

## EMPLOYEE ISSUES

### PERSONNEL POLICY

Due to the specific nature of the IT business and the fact that the success of the company in this industry is determined mainly by the knowledge and practical skills of its employees, employment issues, employee development and the creation of an appropriate working environment are crucial for the long-term sustainable development of the Group.

The Asseco Group does not have a uniform policy with respect to employee and social issues, which results directly from the federal model of cooperation within the Group. The Asseco Group companies maintain a wide range of autonomy in their operations, and since they operate in different parts of the world, and thus operate under different legal, economic and social conditions, the ability to conduct a uniform policy in this area is significantly limited.

Due to the Group's international character, the personnel policy is implemented in accordance with the laws and regulations in force in the country in which the Asseco Group's companies operate, as well as on the basis of internal procedures and standards applicable in those companies. Regardless of the above, employee acquisition, retention and development processes are based on individual companies' competence model. The Group's companies organize the tasks and roles of employees and support the formation of a culture focused on customers, quality, performance, cooperation and professional development.

Table 1: Employment by departments.

Total number of employees	Production departments	Direct sales departments	Indirect sales departments	Administrative departments	General management
24.053	20.769	1.205	98	1.832	149

The recruitment process in the Group's companies is based on the respect for the principles of gender equality, origin, age, beliefs and other factors relating to the diversity of candidates. Due to the specific nature of the industry, in the recruitment process the greatest importance is attached to practical knowledge and qualifications of employees, which translates into the selection of persons with competences best suited to a given position. Clearly defined criteria and an objective assessment of qualifications guarantee candidates equal chances to successfully complete the recruitment process.

Table 2: Employment by gender.

Total number of employees	Women	Men
24.053	9.771	14.282

Table 3 Employment by age.

Total number of employees	Up to 30 years of age	31-40 years of age	41-50 years of age	51-60 years of age	Over 60 years of age

24.053

7.068

8.400

5.679

2.104

802

## STAFF EVALUATION AND DEVELOPMENT

Employees and associates of the Asseco Group's companies are subject to a cyclical review process.

The first assessment is made during a trial period and regularly thereafter on a quarterly or annual basis. The employee evaluation is conducted in order to determine: the degree of the accomplishment of the entrusted tasks, quality, timeliness and the manner of their performance, as well as - what is significant - the compliance of the employee's or associate's conduct with the values of the individual Asseco Group's companies. The following areas are also assessed: the implementation of individually defined goals and development plans - with the use of such tools as: trainings, workshops, courses, post-graduate studies and extension/change of responsibilities.

The Group's companies take care of professional development of their employees. In individual entities training courses are initiated, e. g. general company or individual trainings. They develop employees' competences, while supporting the achievement of business objectives.

In 2017 employees of the companies included in the Group were trained in almost 1,400 training courses. Apart from external training, the Group's companies also organize internal industry training courses. For example in 2017, the "Academy of Quality" at the Asseco Business Solutions Group trained a total of 166 employees, and 120 employees took advantage of English lessons.

## ADDITIONAL NON-WAGE BENEFITS

The Asseco Group offers additional non-wage benefits for employees of individual companies. They vary from one entity to another and have not been unified at the Group level. They include:

- co-financed health care; (e. g. Asseco Poland, Asseco Data Systems, Asseco South Eastern Europe, Asseco Business Solutions, Asseco Denmark A/S, DahliaMatic, Exictos, Necomplus Group, Asseco Central Europe, Formula Systems)
- co-financed subscriptions to sports facilities (e. g. Asseco Poland, Asseco South Eastern Europe, Peak Consulting Group ApS, Asseco Business Solutions, Asseco Data Systems, DahliaMatic, Asseco Lithuania, Necomplus Group, Asseco Central Europe, Formula Systems)
- co-financed tickets for cultural events; e. g. Asseco Data Systems, Asseco Solutions SK)
- co-financed leisure activities; (e. g. Asseco Poland, Asseco Business Solutions, Formula Systems)
- the possibility to use the social benefits fund (e. g. Asseco Poland, Asseco Data Systems)
- ensuring access to fresh fruits (e. g. Asseco Poland, Asseco Data Systems, Asseco Business Solutions, Asseco Denmark A/S, DahliaMatic, Asseco Lithuania, Necomplus Group, Asseco Central Europe, Formula Systems).

In addition to the above mentioned benefits, there are also other benefits specific to individual capital groups of the Asseco Group e. g. specially designated employee relaxation zones (Asseco Data Systems, Asseco Business Solutions), maintenance loans (Asseco Data Systems), additional walking breaks (Asseco Lithuania), co-financing the purchase of computers (DahliaMatic), life insurance (Exictos), horse workshops (Necomplus Group), massages for employees in offices (in Asseco Central Europe) or once a year an employer's paid weekend trip (Formula Systems).

## RISKS IDENTIFIED IN THE AREA OF LABOR ISSUES

### *Risk related to losing the key personnel*

The Group's operations and development outlook depend to a large extent on the knowledge, experience and professional qualifications of its employees, who implement the IT projects. A substantial demand for IT specialists and the competitors' activities may induce the key personnel to leave our organization, and also make it quite difficult to recruit new employees with suitable knowledge, experience and professional qualifications. Still there is a risk that resignation by the key personnel would have a negative impact on the execution of IT contracts conducted by the Company, as well as on ensuring the required quality and range of

services provided. This in turn might have a significant adverse impact on the operations, financial position, financial results and prospective development of Asseco Group.

#### *Personnel policy risk*

The Asseco Group's companies may incur costs in connection with legitimate or illegitimate claims filed by their employees on the grounds of discrimination, working conditions, etc. Such circumstances might have a significant adverse impact on the operations, financial position, financial results and prospective development of the Group companies.

## SOCIAL ISSUES

In the Asseco Group, each company independently executes its Corporate Social Responsibility (CSR) activities based on its individual budget and the needs of the local community. The lack of centralized operations at the Group level is directly attributable to the federal business model.

Among the most important social projects implemented by the Group's companies, we can mention the Christmas charity campaign taken by employees of Asseco Poland and Asseco Data Systems - "We Bring Help". Its purpose is to provide financial support to organizations and people who are most in need. Asseco's employees not only identify the institutions that will receive assistance, but also devote their time and commitment throughout the year. Each of Asseco's employees can share their ideas on how and whom to help. Each year the amount reaching PLN 200,000 is spent on the charity campaign.

In addition, Asseco Group has been acting for local sports teams – Asseco Poland is the main sponsor of the volleyball team of Asseco Resovia Rzeszów and Asseco Data Systems is the main sponsor of one of the best teams in the Polish basketball league - Asseco Gdynia.

Asseco Poland is actively engaged in promoting and educating Polish programmers. The Company's experts give lectures at universities all over the country, and the best students and graduates can join the Asseco team. Having their development in mind, two proprietary Asseco 3P and Asseco Starter programs have been created.

Similar activities are also carried out by the Asseco Lithuania Group. It actively supports the Faculty of Mathematics and Computer Science at the Vilnius University, whose graduates account for more than half of the Group's current employees.

In 2017, the Asseco Spain group also joined the campaign to support IT professionals, by sponsoring the conference "Women Techmakers" in Zaragoza. The conference was aimed at promoting women in the field of technology. In addition, one of the company's employees attended the conference as a speaker.

In order to support physical activity of our employees and deepen their cooperation and integration, Asseco Poland has established the Asseco Active Team initiative. Its goal is to co-finance sports activities of employees. Standard forms of support include: covering registration fee and other fees for the participation in sports activities, as well as providing clothing and sports equipment signed with the Asseco logo.

Through sport, the Asseco Group companies also engage in charity activities. For example, in 2017, the employees of a company from the Asseco South Eastern Europe Group - Asseco SEE Macedonia - took part in two charitable sports events: the Humanitarian Skopje Marathon and the Mavrovo Humanitarian Giant Slalom, which were organized for the benefit of the National Centre for Supporting Mentally Disabled Persons.

The companies of the Asseco Group (e. g. Asseco Data Systems, Exictos, Necomplus, Asseco South Eastern Europe, Asseco Central Europe) also run and support corporate volunteering activities. Employees undertake, among others, such actions as the support for non-governmental organizations (NGOs) in the field of fund, food or other articles collection for the people in need, or the engagement in renovation works of facilities designated for running pro-social activities. In 2017, over 1,300 employees of the Group were involved in employee volunteering.

### RISKS IDENTIFIED IN THE AREA OF SOCIAL ISSUES

*Risk of dissatisfaction with the limited scope of conducted activities*



The Group conducts numerous and extensive social and sponsorship activities. There is a risk that resignation from any of the current activities could lead to dissatisfaction on the part of employees and communities benefiting from a given activity, and consequently deteriorating the Group's image.

The Group manages the risk through ongoing monitoring of its activities, their scale and the effects on its image.

## ENVIRONMENTAL ISSUES

The IT sector, in which the Asseco Group operates, is characterized by relatively low environmental impact. The Group's activities do not cause significant emissions, do not generate significant amount of waste and do not require environmentally important commodities. The scale of the impact on the environment is related to the scale of the conducted activity and waste generated by the Group's employees and electricity consumption attributable to their position.

The Asseco Group does not have a uniform policy covering environmental issues, which results directly from the federal model of cooperation within the Capital Group. Due to territorial dispersion, the Asseco Group companies are subject to different legal regimes and, consequently, different environmental protection requirements. The adoption of a single policy on environmental issues in such circumstances would be very difficult and pointless, given the very high level of generality that would have to be adopted for such regulations.

Although there is no uniform policy on environmental issues, the Asseco Group's companies operate in accordance with the requirements of the applicable legal acts. In their day-to-day operations, the companies pay special attention to the issues of electricity consumption, as well as obligations in the area of recycling electrical and electronic equipment, which is the main tool of the Group's employees. Other non-communal waste characteristic of the Asseco Group's companies include used filters from ventilation systems, batteries and accumulators, packaging waste (packages made of cardboard, glass, wood, contaminated packaging or packaging containing residues of dangerous substances or mixtures used to maintain cleanliness and hygiene of sanitary equipment or rooms). The waste is transferred to waste treatment facilities with appropriate transport permits for the transport, collection and treatment of waste in accordance with the legal regime of the country in whose territory a company operates.

In 2017, most of the Asseco Capital Group's companies recorded a fall in electricity consumption despite their far-reaching autonomy in this respect. This means that the measures taken by the Group to improve energy efficiency are effective, which translates into both environmental benefits and lower operating costs of the Group.

In addition, depending on specific legal requirements in a given country, the companies are also obliged to keep records of other data related to environmental impact, e. g. the Polish companies of the Asseco Group are obliged, among others, to keep fuel consumption records and records of accidental emissions of fluorinated greenhouse gases for the purposes of the adopted reporting.

In 2017, none of the Asseco Group companies were fined for breaching environmental regulations.

### RISKS IDENTIFIED IN THE AREA OF ENVIRONMENTAL ISSUES

#### *The risk of a significant increase in electricity prices*

The Asseco Group's employees use electronic devices, which require electricity from external suppliers in order to operate. A significant increase in electricity prices may result in a proportional increase in the Company's operating costs.

The Group's companies manage risk by analyzing their energy demand on an ongoing basis and reducing its consumption, thanks to the gradual replacement of old energy-intensive appliances with energy-efficient ones.

#### *Risk of poor waste management*

Due to the specific nature of its operations, the Group does not generate a large amount of production wastes. The Asseco Group's primary waste is municipal waste as well as electrical and electronic equipment. Regardless of the scale of production, there is a risk of improper waste management.

The Group minimizes the above risk by strictly applying and enforcing internal regulations and legal requirements in this area and cooperating with operators with appropriate permits for waste treatment.

## HUMAN RIGHTS ISSUES

Human rights are vested in every person, and their source is human dignity.

All organizations, including capital companies, as employers, producers and contractors are obliged to respect human rights in an absolute manner. Wherever these rights could be violated, however, companies should take appropriate steps to change this situation and avoid taking advantage of the failure to respect them.

The Asseco Group has not adopted a uniform policy of respect for human rights, which results from its federal model of cooperation, which gives the Group companies considerable autonomy in terms of internal regulations. In addition, due to territorial dispersion, the Asseco Group's companies are subject to various legal regimes, with detailed and territorially specific solutions resulting from human rights issues.

A general rule binding throughout the Asseco Group is observance and respect for human rights, including the right to freedom of association, the right to a safe working environment, non-discrimination, prohibition of child labor and the prohibition of forced labor. Violation of any of the aforementioned principles by the Asseco Group's companies would not only constitute a violation of law, but also of the Group's core values.

In 2017, one potential human rights violation was identified throughout the Asseco Group. It involves bringing an action against the alleged discrimination in one of the American companies of the Formula Systems Group.

### RISKS IDENTIFIED IN THE AREA OF HUMAN RIGHTS ISSUES

#### *Risk of human rights violation in the Group*

As in any large organization, there is a certain risk of human rights violation in the Asseco Group, especially to the extent that such violation could be caused not by the organization itself but by its employees. Such a risk may materialize by violating dignity or discrimination. Human rights violations within the Group would have a negative reputational impact both inside and outside the Group.

The Group manages that risk by ensuring clear and transparent rules of conduct towards its employees and introducing regulations aimed at preventing possible violations of human rights.

#### *Risk of human rights violation in the Group's suppliers*

Although internal regulations are in place to ensure respect for human rights in the various Group companies, there is a risk of suppliers violating these principles. Using the services of entities abusing human rights would have a negative impact on the Group's reputation and could also affect the morale of its employees.

## ANTI-CORRUPTION ISSUES

The Asseco Group has no uniform policy on anti-corruption issues, which results from the federal model of cooperation within the Capital Group. Due to territorial dispersion, the Asseco Group companies operate in various legal, social and cultural environments, hence no central anti-corruption policies have been established at the Group level.

The companies have their own practices in this area, which is the most effective solution. Prevention and control activities in the area of anti-corruption are implemented at various levels of the organization and are necessary to ensure proper functioning of the companies. As an example we can mention the adoption and implementation of codes of ethics, promotion of high market and ethical standards in business operations, conducting trainings for newly recruited employees, regular trainings for employees from the sales and purchasing departments, as well as trainings dedicated to managerial staff. In the companies in which internal audit departments operate, regular inspections are also carried out with regard to the correctness of agreements concluded by the companies.

A good example of the Asseco Group's entity, that has implemented extensive anti-corruption policy, is the Formula Systems Group. It has a Code of Ethics adopted at a group level, an insider trading policy and other policies and procedures to adequately monitor and counteract corruption. The activities undertaken by the

Group include, among others, distribution and dissemination of anti-corruption regulations, which have to be read and accepted by each employee, the establishment of the function of a whistleblower and the framework of their activity, as well as other activities in this scope.

In 2017, no cases of corruption were found in the Asseco Group's companies

#### **RISKS IDENTIFIED IN THE AREA OF ANTI-CORRUPTION ISSUES**

##### *Risk of corruption cases occurring*

Operating within an extensive organizational structure with a relatively broad range of competences of individual organizational units carries the risk of incidental occurrence of corrupt events. The employees of the purchasing and sales departments are particularly vulnerable to events within the scope because they have direct contact with representatives of external entities, which may achieve a specific material advantage thanks to cooperation with the Group. The occurrence of such an event could have negative image effects on the Group, hinder future trade contacts and result in direct economic loss in the case of concluding a contract on non-market terms.

The Asseco Group manages the risk through appropriate selection of employees for individual positions, as well as through appropriate monitoring activities of the internal services responsible for this area in individual Companies.

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