

CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT SYSTEM (CSRMS)



17 August 2021

Corporate Social Responsibility Management System (CSRMS)

CONTROL SHEET

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Data	Rev. №	Report Name	Change/ revision description
17/ 08/ 2021	00	CSRMS	-

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Corporate Social Responsibility Management System (CSRMS)

1. SCOPE AND OBJECTIVES

This document covers the following high priority policies: environment, resource efficiency and climate, as well as social, data protection and business ethics aspects. Its main objective is to establish the **Corporate Social Responsibility Management System (CSRMS)** of our company **Delphin Projekt Ecotechnica Ltd.**, through the following specific objectives:

- Demonstrate and communicate the organisation's commitment to improving its environmental, social, data protection and business ethics performance
- Set environmental, social, data protection and business ethics targets for the company to measure its progress against
- Keep employees informed about their CSRMS roles and responsibilities
- Save energy and natural resources, reduce pollution
- Prevent negative labour practices and human rights incidents
- Deter illegal and unethical behavior
- Protect third-party information including intellectual property and personal identification information in possession of the company, and prevent exposing this information to loss and theft.
- Create a workplace with positive impacts for individuals, business and society
- Create a workspace with improved productivity and innovation
- Enable the company to identify and deal with non-compliant behavior at a very early stage, thus avoiding a negative impact on the organisation
- Support employees and give them an opportunity to share if they witness non-compliant behavior. Help to establish a corporate culture of trust and openness
- Avoid reputation risks for the company associated with failing to manage data protection breaches
- Avoid sanctions under the General Data Protection Regulation (GDPR) for failure to establish internal controls
- Ensure a high level of trust between the company and its stakeholders

2. POLICY, LEGISLATION AND APPLICABLE RULES AND DOCUMENTS

This CSRMS is based on the following documents applicable to the company's context:

- EU and national strategic and legislative documents in the field of environment, resource efficiency and climate EU and national strategic and legislative documents in the field of labour health and safety, antidiscrimination and harassment protection
- EU and national strategic and legislative documents in the field of GDPR and business ethics
(<https://www.moew.government.bg/bg/ministerstvo/zakonodatelstvo/>;
<https://eur-lex.europa.eu/homepage.html>)
- BDS EN ISO 14001:2015 Environmental management systems

- EcoVadis How-to Guide

[\(https://support.ecovadis.com/\)](https://support.ecovadis.com/)

3. BACKGROUND AND CURRENT SITUATION OF THE COMPANY

At the moment we are a small team, all engineers and certified professionals in water supply and sewerage design. We are environmentally friendly and resource efficiency oriented, both in our personal and office daily habits and practices, and in the engineering solutions we propose.

The company does not cover manufacturing or wholesale activities; therefore, it does not deal with high level of energy use or risk of inefficiency. The office premises are located in an insulated building with issued energy efficiency passport. All this explains our low energy consumption and carbon footprint corresponding to a maximum efficiency level. However, we explore further opportunities to cut off emissions, such as reducing direct emissions per employee (by expanding the team) and reducing indirect emissions created in our supply chain (by applying green procurement).

There are also challenges that are beyond our control or planning, such as the volume of paper documents requested by contractors/ institutions. Therefore, we use every chance to participate in public discussions and defend e-governance and the need to reduce administrative burden.

We respect diversities of language, culture and traditions. The company employees understand the benefits of their protection by discrimination and/ or harassment during all stages of employment, including:

- Recruitment and staff selection procedure. This includes how positions are advertised and how interviews are conducted
- Terms and conditions offered as part of employment
- When employee(s) are selected or considered for training
- When employee(s) are selected or considered for promotion and transfer
- When employee(s) are being dismissed

General data protection rules are given a lot of attention. Protection of intellectual property and individual third party data is a core element of our IT systems and priority for each employee.

Our employees are aware of and act in accordance with high ethical requirements.

And last but not least, we have established an efficient whistleblower procedure that covers all and guarantees anonymity, confidentiality and non-retaliation.

4. ENVIRONMENT, RESOURCE EFFICIENCY AND CLIMATE POLICY AND ACTIONS

The key environmental factors that can be considered 'material' (relevant and significant) to the company's operations, based on conducted materiality analysis and stakeholders' consultations, are as follows:

- Energy consumption and GHG: We are committed to reducing energy use and GHG by both management and staff initiatives and behavior towards:
 - energy savings and energy efficiency (by cutting the consumption of electricity, lighting and heating)

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- optimal use of the corporate fleet (by achieving fuel economy)
- optimal use of stationery (toner, consumables) and use of recycled-ecological paper
- Materials, chemicals, waste
 - waste prevention and reduction initiatives, by encouraging recycling and reuse
- Environmental services and advocacy
 - set environmental priorities in the engineering design services

We monitor our energy use and GHG emissions, through:

- Compiling data on the amount of energy consumed/ purchased: based on the electricity bills of the energy providers
- Estimation of the GHG emissions and the carbon footprint of the company, identify trends and define corrective actions: based on energy consumption data using online tools (<https://www.2030calculator.com/>)

We apply the following green procurement principles at least for the following:

- Energy supplies (electricity, lighting and heating/ cooling (air conditioning));, replace old lighting fixtures with more efficient LED options, use environmentally-friendly eco-design heating/ cooling (air conditioning) devices, assess opportunities for in-house production of renewable energy
- Corporate fleet: low consumption and reduced polluting emissions
- ICT (computer, printers, telephones, server): improved energy performance of equipment, energy-saving servers, possibility of maintenance, disassembly and recycling of the supplier
- Stationery (toner, consumables): content of recycled material, presence of environmental mark, printed documents with recycled-ecological paper

5. SOCIAL POLICY AND ACTIONS

The key social aspects that can be considered 'material' (relevant and significant) to the company's operations, based on conducted materiality analysis and stakeholders' consultations, are as follows:

- Employee health and safety: We are committed to provide our employees a safe and healthy environment, which is supported by a contract with an external consulting company dating back to 2017.
- Working conditions: We create a pleasant and friendly working space.
- Career management and training: We are committed to developing our staff by organising regular professional trainings;
- Diversity, discrimination and harassment: We prohibit discrimination based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity, religion, disability, union membership or political affiliation.

The management of the organisation is personally committed to create and promote a work environment that does not tolerate any kind of discrimination and harassment. The team understands the importance of social policies and upholds the elimination of discrimination in respect of employment and occupation. We

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stand against different treatment given to people in hiring, remuneration, training, promotion, termination based on race, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age.

The company code does not allow treating a person less favourably on the basis of particular protected attributes such as a person's sex, race, disability or age. It does not tolerate any physical, psychological and verbal abuse in the work environment.

6. DATA PROTECTION POLICY AND ACTIONS

The subject of protection are the intellectual property information and personal identification information. The data protection policy is based on the following pillars:

- Risk assessment, based on inventory analysis of the various type and location of information stored. This provides the necessary information to identify where the risks are.
- Assessment and disclosure controls, established for access to third party information and procedures for employees. The access of each employee is tailor made according to her/ his work assignments.
- Incident response procedure: Breaches detected by the responsible employee or reported through the whistleblower procedure are investigated and reported to the company manager. The company manager approves the corrective actions to be taken. In all cases, the provisions of the applicable legislation should be followed.

Records retention schedule: The third-party information is retained as required in the relevant contract and we prevent exposing the information and data to breaches.

The company processes personal data with the knowledge and consent of third parties, pursuant to the Personal Data Protection Act and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (Text with EEA relevance). The parameters of the processing are described in detail in a Declaration – Consent (**Annex 1 to this CSRMS**) that should become a part of all company contracts.

On the other hand, the company should notify contractors of the internal GDPR rules connected with the relevant contract. Contractors should duly process the relevant personal data and ensure their confidentiality and security. In case of identified breach to these rules, the company should issue to the contractor obligatory prescriptions to follow.

7. BUSINESS ETHICS POLICY AND ACTIONS

The key business ethics aspects that can be considered 'material' (relevant and significant) to the company's operations, based on conducted materiality analysis and stakeholders' consultations, are as follows:

- Anti-corruption and bribery
- Anticompetitive practices and antitrust issues
- Conflicts of interest
- Money laundering
- Fiduciary duties
- Information security.

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Each of our employee should:

- Follow high ethical norms and seek advice on ethical matters, if necessary
- Show integrity and due care in the performance of her/ his duties
- Follow the principles of independence, objectivity and impartiality
- Act confidentially to her/ his work, including third party information
- Act professionally and comply with high professional standards
- Apply the principles of good administrative conduct (reduce administrative burden)
- Apply the principles of sound financial management (EU Financial regulation)

In order to avoid risks associated to business partners/ subcontractors, the company performs a risk assessment that covers:

- the policies, practices, and procedures that indicate how each organisation distributes, communicates, explains, supports, and updates its code.
- screening of assignors
- screening of the partners to avoid partners' negative business practices
- screening of contractors to avoid contractors' negative business

The attached Business Ethics Declaration (**Annex 2 to this CSRMS**) should become a part of all company contracts.

8. A SYSTEM OF KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPI) system comprises the following main types of indicators:

- Quantitative indicators (e.g.CO₂ emission savings) vs. qualitative indicators (e.g. behavioral change)
- Direct impact (e.g. reduced carbon footprint) vs. indirect impact (e.g. environmental benefits as a result of the engineering design of water supply and sewerage networks and equipment).

The company commits to the following long-term SMART (specific, measurable, achievable, realistic and time-limited) indicators:

- energy consumption per employee per year, to be reduced by 30% by 2030
- reduced GHG emissions per employee per year, to be reduced – by 30% by 2030
- waste prevented, reused and recycled per employee per year, to be reduced by 30% by 2030
- conducted health checks per year, to be improved by 30% by 2030
- conducted trainings per year, to be improved by 30% by 2030
- keep the level of internal complaints solved in an amicable way at 100% by 2030
- keep the level of external complaints raised at 0% by 2030

The baseline year will be the year of adoption and publication of the CSRMS, i.e. 2021.

In order to achieve the above long-term targets, short-term (annual) targets will be set.

9. WHISTLEBLOWER PROCEDURE

This document describes the company whistleblower procedure. The procedure serves as an official company communications channel, providing employees and third parties with a dedicated channel for reporting non-compliances. It is considered a core component of the company CSRMS.

The procedure guarantees that adverse behavior will be remediated quickly by providing:

- employee anonymity or confidentiality
- non-retaliation against reports made in good faith
- a clear communication channel accessible to all employees and third parties.

Any signals by employees or external stakeholders are channeled through the following line used exclusively for this purpose:

- Phone number: +359 888999633
- Email address: tsankov@delphineco.com
- Physical address: 1202 Sofia, Timok Str. No 4, floor 6 (to the attention of Mr. Tsankov)

The responsible employee registers signals submitted in Bulgarian and English languages through at least one of the listed means of communication.

The anonymity and confidentiality is absolutely guaranteed. Any information on the person submitting the signal should be disclosed to the company owners and manager and, if applicable, to the competent authorities under the national legislation.

No report made in good health could give rise to any retaliation actions by other employees or the company management.

The whistleblower procedure covers the following main issues:

- Corruption: Public and proprietary corruption in the workplace, including extortion, bribery, conflict of interest, fraud and money laundering.
- Responsible information management: Including responsible marketing and the security of third party data
- Diversity, discrimination and harassment: Discrimination based on any grounds at any stage of business. Harassment may include physical, psychological and verbal abuse.

The following thorough step-by-step procedure for handling signals is in place:

- Each signal received at the dedicated line for communication is registered by the responsible employee.
- Within a 24-hour period the signal is subject to screening to identify its main parameters, as follows:
 - essence (compliance check with the scope of the procedure as set in section 2 above);
 - severity/ urgency (need of immediate investigation/ corrective action; need of immediate contact with competent authorities according to the national legislation);
 - responsibility (immediate contact with the manager to assign another employee if the signal is against the responsible employee)
- All necessary internal interviews and checks are then performed, on a case by case basis. Detailed records of all investigations and reports are kept to ensure traceability.
- Based on the investigation, the responsible employee should submit a concise and informative report with description of the case, collected information and proof, as well proposed corrective

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actions. The report is submitted to the company manager, and in case the signal involves the manager, to the competent authority, under the national legislation.

- Based on the report, the manager takes informed decision on further action. In the first place these include amicable ways to resolve conflicts. In all cases, the applicable national legislation should be followed. If the signal is against the manager, the responsible employee contacts directly the company owners and, if applicable, competent authorities according to the national legislation.
- Information on submitted signals and their outcome is published in the CSRMS report.

10. RAISING EMPLOYEES' AWARENESS AND TRAINING

Our company is dedicated to establishing a good level of understanding and consciousness among its employees, on environmental, social, data protection and business ethics issues. It starts with the initial training of each employee covering CSRMS issues.

Further internal trainings, instructions and recommended good daily habits are delivered to all company employees on an annual basis. They involve all CSRMS aspects, including the defined annual KPI targets to be achieved.

Specialised professional courses are also provided, depending on assessed training needs and availability of suitable trainings.

11. IMPLEMENTATION, REPORTING, PLANNING AND UPDATE. RESPONSIBILITIES.

The CSRMS is a formal document approved by the company owners and manager. Each of our employees is acquainted with this CSRMS and acts according to the rights and liabilities set in this document. Two responsible employees are assigned for the CSRMS reporting, planning and training, which takes place on an annual basis.

The CSRMS report communicates to employees, stakeholders and the public the company's achievements and continuous efforts towards its goals. It also benchmarks performance with peer companies and motivates the management and employees to advance in environmental, social, data protection and business ethics performance.

Each report is based on on-going monitoring throughout the reporting year (compiling information (quarterly/ monthly/ weekly, consolidating all KPIs, identifying trends, where applicable, present information graphically).

Specific targets of KPIs are defined each year. Other aspects may also be updated, including on ad-hoc basis, in case of significant changes in policy, legislation, company activities or other issues to be urgently addressed.

The report presents the achievements in a way that facilitates the readers to trace the company's progress. The report identifies trends for the past 3 calendar years.

The report proposes corrective measures to low performance and sets targets for the following reporting year. It also highlights future directions, existing strengths and improvements needed, i.e. provides guidance for the organisation's future decision making process.

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The reports are published on the company website by 31 April each year and cover the previous calendar year. The first report is due by 31 April 2022 and will cover the period since CSRMS adoption to 31 December 2021.

The final publishing of the report is preceded by consultation with the company's stakeholders, who are expected to send their feedback to the company email.

External assurance may be sought, if required, in the form of independent opinion on the quality of the report. In such cases, the report makes a reference to the independent assurance conducted, including the opinions attached.

The expected benefits of CSRMS reporting are as follows:

- Gain trust and improve relationships with stakeholders through open communication;
- Enhance reputation through transparency and honesty on how the company is addressing CSRMS issues;
- Gain access to capital through governance transparency
- Improve effectiveness of monitoring system on CSRMS performance;
- Promote internal operational efficiency and accountability.

DECLARATION

On the person's consent with the processing of personal data

The undersigned,

.....
(name of the person, other information or identification)

Herein declare that I give consent to

.....
(name of the administrator, data for identification) and to (reference to third party to process the data)

to process my personal data for the purpose of:

.....
(explicit statement of the objectives pursued with processing of this personal data, as well as accurate description of the data).

I realise that I may withdraw my consent at any time.

I realise that any future withdrawal of my consent will not prejudice the legal compliance of the treatment, based on the provided consent.

I realise that in my capacity of a subject of data and with respect to the consent given by me, I have the rights according to Regulation (EU) 2016/679 (General Data Protection Regulation) and the Personal Data Protection Act.

Date:

Signature:

BUSINESS ETHICS DECLARATION

[**Business company**], represented by [**names**] ("**Business Partner**") declares that the Business Partner, its shareholders, partners, owners, managing directors, officers and its Key Employees¹ agree to comply in respect to the entire business relationship with **Delphin Projekt Ecotechnica Ltd. ("the Company")** with all laws and regulations relating to taxation, exchange controls and customs requirements as well as with any anti-corruption, antitrust, anti-money laundering or other criminal laws and any other applicable laws, rules or regulations, and the **Company's Corporate Social Responsibility Management System (CSRMS)**, which covers the business ethics policy.

The Business Partner certifies that it has access to and has familiarised with the **CSRMS**. The Business Partner acknowledges that it is aware of the expectation of the Company that it will carry out all activities on behalf of the Company in compliance with the Code of Conduct.

The Business Partner represents and warrants that the Business Partner, its owners, partners, managing directors, officers and Key Employees have not and will not pay, offer, promise to pay or authorize directly or indirectly the payment of money or any other benefits to any Government Official or another person or entity, in order to influence official action or secure an improper advantage. For purposes of this Declaration, a "Government Official" shall mean:

- Persons employed by any public body, including in particular officers or employees of state-owned enterprises, irrespective of the type of function. Employees of companies organized under private law may be Government Officials if a public body holds a majority stake in such company or if the company is engaged in rendering public services;
- Members of governments;
- Judges;
- Delegates;
- Soldiers;
- Officers or employees of public international organizations and of the European Union, the European Atomic Energy Community, the Andean Community, the Mercosur and other supranational organizations;
- Candidates for political offices, political party officials, members of a political party, functionaries of a political party as well as political parties; and
- Members of the press if employed by public service broadcasters.

To the extent applicable local law further specifies the term Government Official, such local law shall be prevailing.

The Business Partner represents and warrants that the Business Partner, its Owners, Partners, Managing Directors, Officers and Key Employees have not and will not pay, offer, promise to pay or authorize the payment directly or indirectly of anything of value to an employee or agent of a

¹ "**Key Employees**" are all employees of the Business Partner who render or would render services for and on behalf of the Company.

business in a business transaction as consideration for an unfair preference to the Company in the competitive purchase of goods or commercial services.

The Business Partner represents and warrants that neither the Business Partner, nor its shareholders, partners, owners, managing directors, officers or its Key Employees or any Related Person² thereof (i) are or have been Government Officials within the past ten years or (ii) have any close personal relationships or associations with any Government Official who might be in a position to influence the award of business or other advantages to the Company in a country in which the Business Partner offers services or does business with the Company.

The Business Partner represents and warrants that neither the Business Partner, not its shareholders, partners, owners, managing directors, officers or its Key Employees or any Related Person thereof have been involved in any litigation, proceedings or investigations (public or internal) relating to corruption, fraud, antitrust-related offences, money laundering, foreign exchange regulations or any other white-collar crimes, including civil, criminal, administrative and tax-related proceedings as well as arbitration or regulatory proceedings within the past 10 years.

The Business Partner represents and warrants that it has kept and will keep complete and accurate records of all expenses related to the business relationship with the Company indicating in reasonable detail the purpose of each expense and the recipient to whom it was made or for whose benefit, with such records to be made available to Company upon request.

The Business Partner further agrees that if subsequent developments cause the warranties and information reported in this confirmation to be no longer accurate or complete, it will immediately notify the Company thereof and provide a supplementary report detailing such changes in circumstances.

I hereby confirm the assurances given in this Declaration.

Name (in
block
letters):

Title:

Signature:

Date:

² The term „**Related Person**“ shall include the following:

- (i) any relative of the employee;
- (ii) any person who lives together with the employee;
- (iii) any trustee who works for or to the benefit of the employee, his/her spouse or his/her children (trustor); and
- (iv) any company which is controlled by the employee or by any person specified in (i) through (iii) above. Control shall mean that the employee or any of the persons specified in (i) through (iii) above holds a participation of more than 50% in such company through a trustee or in any other way or is a member of the management.