

IBA GROUP CORPORATE SOCIAL RESPONSIBILITY REPORT

STRATEGY AND ANALYSIS (G4-1)

The IBA Group's adherence to sustainability is reflected in the company's strategy and in the way we address sustainability issues. For us, sustainability means acting in the best interests of our employees and customers, communities, and society at large. Being an IT company, IBA Group contributes to the improvement of quality of life by supporting IT education in the countries of its presence and by implementing solutions that improve organizations' efficiency.

IBA Group respects international norms and laws of the countries in which it works. The company is a major contributor to the economy of Belarus and the Czech Republic, employing roughly 2,500 people and providing valued services and solutions to local clients. IBA Group is a responsible corporate citizen that invests in society and contributes to environmental protection.

IBA Group is also an international business that works to world class standards of technology, management, and professionalism. Our software development and other processes are certified to international standards.

During the reporting period (2014-2016), the key events were the opening of a development center in Ostrava, the Czech Republic and expansion to a new country with an office in Bratislava, Slovakia. In addition, IBA Group improved its infrastructure by opening its campus in Belarus High Tech Park and moving IBA Gomel to a new building.

As for the key technology solutions, the automated fare collection (AFC) system implemented in the Minsk public transport was among the most impressive. The AFC system received an award as the Best Vertical Solution of the Year at the European IT & Software Excellence Awards organized by IT Europa and was shortlisted in the category *Outsourcing Works — Award for Delivering Business Value in European Outsourcing* by the European Outsourcing Association.

In the reporting period, IBA Group received numerous awards for corporate social responsibility (CSR), including the award for Corporate Social Responsibility in the 2016 GSA Awards organized by Global Sourcing Association and was selected the winner in the category *The Best Case in Belarus* in the contest BestinCSR 2016 by the Sustainable Business edition for the project *Promotion of IT in Belarus among People with Disabilities*.

IBA Group was also recognized by Software Magazine in Software 500 as one of the largest software companies and in four categories of The Global Outsourcing 100 by IAOP, namely for Customer References, Awards & Certifications, Programs for Innovation, and Programs for Corporate Social Responsibility. The IBA Training Center (IBA Institute of IT and Business Administration) received an award from the Idea International Fund in the category *Best CSR Project: Education for promotion of IT in Belarus among people with disabilities*. IBA IT Park and JV IBA received Quality Awards from the Belarusian Government.

As most of the company's revenues come from software services, IBA Group is susceptible of the developments in the global IT market. IT outsourcing (ITO) remains a promising trend in building and maintaining corporate information systems that keep growing in complexity and versatility.

With emergence of the CAMSS (Cloud, Analytics, Mobile, Social, and Security), the Internet of Things (IoT), and Big Data technologies, the software market has changed dramatically. The change in mindset at end user organizations made the adoption of new business models a prerequisite in gaining competitive advantage. IBA Group responded by launching its data center and deepening expertise in CAMSS technologies.

In addition, we took efforts to expand our vertical industry expertise, providing industry-specific solutions and services. IBA Group proceeded with digital banking, electronic document management, and transport solutions.

Our main assets are customers and employees. IBA Group is committed to long-term relations with its clients and has a reputation for being a reliable partner. The company fulfils its promises and seeks to meet or exceed customer expectations. This results in an expanding client base and in the growing client loyalty.

The IBA Group's well-educated multi-lingual personnel stand out because their background in addition to software development includes physics, mathematics, and other disciplines. The company provides financial and technical support to its employees through fair salaries, and educational and social programs.

Sustainable development is a top strategic objective for IBA Group. The company's overall strategic goals include the following:

- Tap the ecological and social innovation potential of the economy to ensure prosperity, environmental protection, and social cohesion
- Provide clients with high quality IT services and solutions through the use of advanced technologies and good customer care
- Expand the range of services and products using innovative technologies of world IT leaders
- Expand the client base by conquering new markets, penetrating new vertical industries, and creating partnerships with current clients
- Keep pace with innovations in IT and business areas.

In the coming 3–5 years, the main challenge will be to accelerate the company's growth in the economic slowdown, providing benefits to our shareholders, employees, customers, partners, and communities. We will maintain our focus on sustainable development.

Sergei Levteev,



Chairman
IBA Group

ORGANIZATIONAL PROFILE

Name of the organization (G4-3)

IBA Group

Key impacts, risks, and opportunities (G4-2)

IBA Group has been in the global IT business for more than 20 years. As a result, the company has unique expertise, optimized business processes, and good reputation.

IBA Group is highly dependent on the macroeconomic and political situation in the countries where it operates and worldwide. The company's growth has slowed down because of the current economic slowdown, threatening the company's sustainability. The sluggish economic development and new political challenges caused uncertainty in Europe, the US, and other regions, which holds governments and companies from increasing IT spending.

Being a partner of world IT leaders and an experienced player in the domestic Belarusian market, IBA is able to introduce innovative technologies to Belarusian enterprises. However, the company's innovative power depends on its partners because IBA's products and services are built on technologies of world IT leaders.

To address these issues, IBA Group is planning to take the following actions.

- Expand the service portfolio through the use of advanced technologies
- Create new solutions and products using advanced technologies

- Provide high quality end-to-end services to customers
- Support IBA employees through salary increases aligned with performance growth; the benefit package that includes medical insurance, recreation, sports, tourism, and dwelling programs; training programs; and continuous upgrade of computing infrastructure. Increase employee satisfaction through broader involvement in social programs and employee training
- Certify IBA development centers to relevant international standards, conduct audits for compliance with the IBA Quality Management System, and upgrade computing and other devices to guarantee high quality services
- Support local universities through training programs, R&D labs, IT contests, and donations of computers and peripherals.

IBA Group observes the rights of its shareholders as defined by national laws, relevant internationally recognized standards, and company policies.

As IBA Group considers that its employees and customers are the primary assets, it gives the highest priority to these two stakeholder groups. The company's Code of Ethics stipulates that IBA cares about clients' needs. The company undertook the responsibility to provide conditions for improving knowledge and skills of its employees, to take every effort to guarantee them an adequate standard of living, and to treat fairly all people, regardless of race, nationality, religion, sex, age, physical ability, social status, education, and occupation.

Targets for the next reporting period include the following.

- Increase stability and reduce risks through business diversification, expansion to new markets, penetration to new vertical market segments, and attraction of new clients
- Provide high quality services and solutions to achieve customer satisfaction, and retain and attract customers
- Support employees through fair salaries and benefit packages.

Primary brands, products and/or services (G4-4)

IBA Group specializes in providing IT services and solutions.

The list of services and solutions includes business management systems, complex multiplatform solutions, high-performance systems for the processing of Big Data, full-cycle software development, maintenance and support of IT systems, and migration of information systems to new platforms.

IBA Group is also breaking new grounds in cloud, analytics, enterprise mobility, social media, and security (CAMSS), and IoT (Internet of Things) solutions.

In addition, the IBA portfolio includes a broad range of software for the processing of bank transactions, management of self-service banking systems, automated fare collection in public transport, monitoring of geographically distributed assets (Asset Walker), HR management (*Talent Constructor*), learning management (eUni), and a cloud platform (ICDC).

Location of organization's headquarters (G4-5)

The headquarters of IBA Group, IBA Group a.s. is located in Prague (Czech Republic).

Number and names of countries where the organization operates (G4-6)

The organization operates in 11 countries. Development centers are located in Belarus, Czech Republic, Kazakhstan, and Slovakia. The offices are based in the USA, Germany, United Kingdom, Russia, Ukraine, South Africa, and Cyprus.

Nature of ownership and legal form (G4-7)

IBA Group is a joint stock company. Its branches are joint stock companies and limited liability companies.

Markets served (G4-8)

IBA Group serves clients from more than 40 countries. The company mainly works in the B2B segment. Its offerings are intended for IT companies, manufacturing enterprises, financial establishments, transport companies, trade organizations, energy sector enterprises, mining organizations, governmental bodies, and educational institutions.

Scale of organization (G4-9)

Roughly 2,500 employees work at IBA Group. The total revenue for 2014-2016 was more than \$380 million. IBA Group does not use loan capital. Over 200 products are registered under the IBA trademark.

Performance Results

IBA Group has won numerous awards and titles in 2014-2016. The company was recognized by the International Association of Outsourcing Professionals (IAOP) as one of The Global Outsourcing 100 in the Leaders Category, ranked as one of the world's largest software companies in the Software Magazine's Software 500, and received IT Europa's European IT & Software Excellence Awards.

Significant changes during the reporting period regarding size, structure or ownership (G4-13)

The company adheres to the strategy of organic growth. In 2014, there were no significant changes regarding size, structure or ownership at IBA Group. In 2015, IBA opened an office in Ostrava, Czech Republic as an expansion of IBA CZ and in Bratislava, Slovak Republic, establishing a new company, IBA Slovakia. In 2016, IBA Group opened its own campus in Belarus High Tech Park.

Membership in associations (G4-16)

IBA Group is a resident company of the *Belarus' Hi-Tech Park*, as well as a member of the *Infopark* Scientific and Technological Association, IAOP, and the Global Sourcing Association.

REPORT SCOPE AND BOUNDARY

Boundary of the report (G4-17)

In the context of the report, IBA Group includes IBA IT Park and JV IBA (2014-2015), and IBA — Information Business Architectures (2016), member companies of IBA Group located in Minsk, Belarus.

IBA IT Park is the largest development center of IBA Group. In 2016, JV IBA, the oldest IBA Group's member, which was founded in 1993 and subsequently became the basis for the group of IBA companies, merged with IBA — Information Business Architectures following the restructuring of IBA Group. Information Business Architectures, an IBA Group company, was founded in 1997 with the aim of meeting the needs of Belarusian enterprises in the creation of engineering infrastructures.

Methods for defining the report content and the aspect boundaries (G4-18)

The report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines, but it does not meet all the requirements for any version of the report prepared in accordance with the Guidelines. The identified material aspects for this IBA Group's CSR report are economic performance, market presence, indirect economic impact, energy, effluents and waste, products and services, overall, environmental grievance mechanisms, employment, occupation health and safety, training and education, labor practices grievance mechanisms, human rights grievance

mechanisms, and product and service labeling. The CSR report covers the categories *Social* (sub-categories Society, Human Rights, and Product Responsibilities), *Environmental*, and *Economic*.

List of material aspects identified in the process of defining the report content (G4-19)

For this report, the following categories were recognized as essential: Social (Sub-categories: Society, Human Rights, Product Responsibility), Environmental, and Economic. See the list of essential aspects on the GRI Content Index.

STAKEHOLDER ENGAGEMENT

Stakeholder groups engaged by the organization (G4-24)

IBA Group cooperates with the following groups of stakeholders:

Priority groups (publics):

- Shareholders
- Employees
- Clients
- Suppliers (IT vendors)
- Press
- Higher educational institutions with IT specialization
- Governmental bodies and local authorities.

Second level groups (stakeholders):

- IT associations
- Secondary educational institutions with IT specialization
- Local communities.

Basis for identification and selection of shareholders for engagement (G4-25)

In the report, shareholders are identified on the basis of their ability to influence the company's operation (Power) and their interest in the company (Interest). The most important groups of stakeholders (publics) are those that have the power to impact the company's operation and show interest in it.

Organization's approach to stakeholder engagement (G4-26)

IBA Group cooperates with stakeholders on a regular and ongoing basis. The sustainability strategy of the enterprise is based on the principles of balancing the interests of all stakeholders, mutually beneficial cooperation, trust, respect for partners, commitment, reliability, responsibility, transparency, and adherence to ethical and environmental norms.

The management of the company maintains contact with external stakeholders in various forms, including the following.

- Meetings with representatives of current and potential customers and partners
- Participation in exhibitions and public appearances at seminars, conferences, and other events organized by IBA and other organizations
- Involvement in the work of professional associations and unions
- Participation in workshops and meetings held by the government institutions and NGOs
- Support of joint projects and cooperation with universities and other educational institutions.

IBA Group focuses on the needs of customers and aims at meeting the interests of all stakeholders, including customers, staff, suppliers, and communities.

REPORT PROFILE

Reporting period (G4-28)

Reporting period: from January 1, 2014 to December 31, 2016.

Reporting cycle (G4-30)

The reporting cycle of the company is from January 1 to December 31 of each year.

Contact point for questions regarding the report or its contents (G4-31)

Irina Kiptikova, Corporate Communications Director. Email: kiptikova@ibagroupit.com

Report preparation option 'in accordance' with the GRI Guidelines (G4-32)

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. The following is the list of the Standard Disclosures and their locations in the IBA Group's CSR report.

General Standard Disclosures	Description	Page
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G4-LA16	Aspect: labor practices grievance mechanisms	23-24
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PR5	Aspect: product and service labeling	31-32

External assurance (G4-33)

External assurance boundaries and principles

The external assurance was carried out by *Premier Business Group Ltd.*, a marketing agency that has the needed competence, respects the ethical norms of independence and objectivity of assessment, and expresses its expert opinion on how the quality and completeness of the data in the non-financial report on the company's results meet the following standards and criteria:

- Criteria for reporting on the progress of the Global Compact of the United Nations.
- ISO 26000 guide (standard) on corporate social responsibility.
- GRI and AA1000 international standards of non-financial reporting.

The report was evaluated based on the following criteria:

- Information materiality
- Stakeholder inclusiveness
- Sustainable development context
- Completeness of disclosed information
- Balanced information disclosure
- Consistency of the disclosed information
- Accuracy and timeliness of the disclosed information
- Clarity and reliability of the disclosed information
- Availability of documented corporate values, principles, missions, norms of behavior (e.g. Code of Ethics), strategies and/or policies, and others
- Organized management of the implementation of the declared strategies and/or policies, including governance structure, programs, events, and monitoring activities
- Company's achievements: key results, availability of indicators, meeting the set objectives, dynamics of indicators, compatibility, and public recognition
- Stakeholder engagement: scope, objectives, mechanisms of cooperation, and responding to requests.

Main areas of assessment:

- Efficiency of economic performance
- Production of high-quality products and services that are auspicious and safe for customers
- Providing timely feedback to customers, and responsible marketing of products and services
- Business ethics: development and application of voluntary codes of ethics and corporate policies regulating relationships with stakeholders
- Staff development: creation of decent working conditions, employee motivation, and other
- Respect for human rights.
- Realization of socially oriented policies and programs aimed at promoting economic, social, and cultural development of the company's location areas
- Participation in solving socially significant problems on the regional and national level, and support of civil initiatives
- Implementation of practices for minimization of impact of the company's activities on the environment, and the rational use of natural resources.
- Cooperation with stakeholders.

GOVERNANCE STRUCTURE

Governance structure of the organization, including principal committees under the highest governance body (G4-34)

The highest governance body of IBA Group is the Board of Directors. The body outlines company's strategic objectives, elects Chairman of the Board, and appoints the Chief Executive Officer (CEO) and the directors of member companies of IBA Group. The Chairman and CEO is responsible for translation of the company's strategic goals into action.



IBA Group has a Social Policy Council that defines the company's strategy in the field of social corporate responsibility and oversees its implementation.

The company has also an Innovation Commission, a collegiate body for innovation, reporting to the Chairman of the Board.

Functional structure of the organization

IBA Group includes development centers, offices, training and technical centers, and other legal entities.

[IBA IT Park, Development Center, Minsk, Belarus](#)

[IBA Gomel, Development Center, Gomel, Belarus](#)

[IBA Institute, Minsk, Belarus](#)

[IBA CZ, Development Center, Prague, Brno, and Ostrava, Czech Republic](#)

[IBA Slovakia, Bratislava, Slovakia](#)

[IBA IS, Development Center, Minsk, Belarus](#)

[IBA IT GmbH, Kierspe — Rönsahl, Germany](#)

[IBA USA, San Jose, CA, USA](#)

[IBA Rus, Moscow, Russian Federation](#)

[IBA Kz, IBA Group Office and Development Center, Astana, Kazakhstan](#)

[IBA Ukraine, Kiev, Ukraine](#)

[IBA UK, London, United Kingdom](#)

[IBA South Africa, Johannesburg, South Africa](#)

[IBA Mogilev, IBA Office, Mogilev, Belarus](#)

[IBA Novopolotsk, IBA Office, Novopolotsk, Belarus](#)

[NIIServ, Development Center, Minsk, Belarus](#)

[SOLEKO, Prague, Czech Republic](#)

[KOMKARGO, Minsk, Belarus](#)

[Protok lux, Minsk, Belarus](#)

Production structure of the organization

The company is composed of several software development centers and offices, as well as other divisions, including IBA Institute (former IBA Training Center), Technical Center, Quality Assurance (QA) Department, Sales, Marketing, Human Resource, and Finance & Administrative Departments. Software development centers have software development departments.

For its development centers, IBA employs a matrix organizational structure, which is flexible and adaptive to customer requirements. A software department typically consists of several project teams. A team is headed by a Project Manager and may include employees from different production departments. Each team member reports to the Project Manager and the Head of his/her production department.

Composition of the highest governance body (G4-38)

Sergei Levteev, Chairman of the Board of Directors, is also the company's CEO. All members of the Board have executive positions in order to increase the manageability of IBA Group. Members of the Board are re-elected annually.

Role of highest governance body and senior executives in the development, approval, and updating of the organization's purpose, value, and mission (G4-42)

The highest governance body sets the tone of the organization and plays a major role in determining the objectives, values, and strategies of IBA Group.

The IBA Group's mission, vision, and strategic objectives are secured in the *Concept of Strategic Development of International Business Alliance and IT Park, Working under the Guidance and Supervision of IBA Group*, which was adopted in 2009 and subsequently reviewed to embrace changes in the market, organizational forms of the company, and the construction of the IBA IT Park campus in Belarus High-Tech Park (HTP).

Mission: To effect change and improve business performance for our clients through the use of advanced information technologies.

Vision: IBA seeks to become the world's most trusted provider of IT services. We are committed to working in partnership with our clients, where each shares common interests, values, and goals. We are also striving to be a workplace of choice for the best IT professionals who enjoy and care about their job at IBA Group. IBA Group will be recognized as a well-managed and financially strong company dedicated to the success of its clients and employees.

Measures taken for developing and enhancing of the highest governance body's collective knowledge of economic, environmental, and social topics (G4-43)

Meetings of department directors are held in order to enhance the highest governance body's collective knowledge of economic, environmental, and social policies of IBA Group. Communication with stakeholders and the information obtained from the Corporate Information System (CIS) also play an important role.

Indicate the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities (G4-47)

The highest governance body of IBA Group analyzes economic, environmental, and social impacts, risks, and opportunities on a quarterly basis, or more frequently, in the event of unforeseen risks and circumstances.

To obtain additional feedback from the environment, IBA Group uses certified management systems, including the Quality Management System and the Information Security System. The systems stipulate periodic reviews and revisions of the company's policies (at least once a year).

HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ECOLOGICAL, AND SOCIAL PERFORMANCE

Process of communicating critical concerns to the highest governance body (G4-49)

Every IBA Group employee has the right to contact directly or through his immediate supervisor any member of the Board or executive management via e-mail, by phone or in person.

The company has a database entitled *Personnel Proposals*. Each employee can submit proposals that range from casual to enterprise management issues, track their approval by the responsible executives, and receive a grounded response.

An important tool to inform the highest governance body about the processes going on in the company is the Corporate Information System (CIS). CIS allows for integrating the company's operation by management level, by division, and by line of business, as well as for identifying and analyzing the problems.

In addition, IBA Group conducts biannual employee surveys via the Survey Database to assess employee satisfaction in the company.

Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them (G4-50)

Concerns regarding economic, environmental, and social performance, which were raised through these mechanisms during the reporting period, include proposals on windows tinting, adding more sport activities to the benefit package, performing maintenance of office facilities, installing kitchen equipment, marking glass doors with bright stickers to avoid traumas, and improving the quality of the onsite coffee stand. The total number of suggestions submitted via the Personnel Proposals database in 2014-2016 was 109. Throughout the existence of the database since 2003, more than 500 suggestions have been submitted.

REMUNERATION AND INCENTIVES

To motivate its employees, IBA Group applies both financial and moral incentives. These include the following.

- Commendation (employee or team)
- Certificate of Merit
- Entry on the electronic Board of Honor
- Honorary IBA Employee title.

Incentives are recorded in employees' work records and certain incentives involve remuneration.

Moral Incentives

Number of employees awarded the Employee of the Year title and listed on the Board of Honor

Year	IBA Group	IBA	IBA IT Park
2014	41	10	31
2015	34		34
2016	35	1	34
Total	110	11	99

Employee of the Year Award photo



Number of employees awarded the Honorary IBA Employee breastplate and listed in the Honorary Employees section

Year	IBA Group	IBA	IBA IT Park
2014	6	-	6
2015	4	1	3
2016	11	1	10
Total	21	2	19

Honorary IBA Employee Breastplate



The title and the breastplate of Honorary IBA Employee are awarded to the highly qualified specialists, who have made a special contribution to the development of the company and have been working in it for no less than ten years.

ETHICS AND INTEGRITY

Organization's values, principles, standards, and norms of behavior, such as codes of conduct and codes of ethics (G4-56)

In more than two decades of company's existence, certain traditions have been formed, which are reflected in decent working conditions and comfortable environment for employees. IBA Group has accumulated rich professional experience, business traditions, and a high level of trust from partners and clients.

A clear definition of company's values is intended to preserve and share corporate spirit and standards with new employees and to join efforts for the further development of the company.

Our values

Clients

Commitment to the needs of customers using an optimal combination of the latest information technologies and solutions. Customer orientation and reliable partnership

Employees

Creation of a team of highly qualified employees and provision of decent working conditions for their productive work, and professional and personal growth

Quality

High quality of products and services, and compliance with the modern standards through:

- Business reputation of a reliable partner
- Highly qualified employees
- Effective solutions and innovative technologies
- Quality management system
- Productive ideas and innovations.

Goals

- Accumulation of knowledge in vertical industries. Creation of the IBA's 'competence core' and its transfer to new generations of IT specialists
- Continuous build-up of efforts on establishing and deepening of partnerships and mutually beneficial relations with the world IT leaders
- Increase of employee motivation and loyalty due to the social orientation of the company.

Principles and standards of behavior

Leadership

Be initiative:

- Be actively involved in projects and tasks
- Believe in success in any situation
- Inspire by example
- Know how to unite and lead the team

Don't be afraid of responsibility:

- Learn from failures
- Take responsibility
- Admit failures
- Keep the working mood in any situation

Strive for success:

- Focus on achieving results
- Learn continuously
- Set ambitious goals

Partnership

Maintain reliable, trusted relations:

- Always complete tasks
- Find an individual approach to every client
- Solve production tasks quickly and efficiently
- Respect and trust each other and partners

Be honest and open-minded

- Be able to build an open business relationship
- Assist colleagues readily
- Be willing to share knowledge
- Maintain confidential and open relations

Be responsible:

- Always keep promises and be honest with partners
- Aspire to exceed expectations of partners
- Treat the others with respect

Conscientiousness

Observe the rules and standards:

- Complete tasks on time and meeting the arrangements
- Act in accordance with the company's values
- Do not abuse the company's trust

Always achieve goals:

- Adapt to new circumstances
- Succeed even with limited resources
- Achieve the best results without losing quality
- Work to achieve goals, not for the sake of process

Value the company's reputation:

- In any situation, value the company's business reputation
- Be demanding to yourself and the others
- Do your job in the best possible way, so that the client will be willing to use the company's services again

Improve yourself and the approaches to work:

- Seek to improve the routine approaches to work
- Fulfill obligations using the best ways to solve complex tasks
- Develop professional competencies and maintain high qualification.

Internal and external mechanisms of seeking advice on ethical and lawful behavior (G4-57)

IBA Group employees can apply to their immediate managers or to the HR department for advice on ethical and law-abiding behavior.

For external stakeholders, the IBA Group's websites and pages in social media are available.

Internal and external mechanisms for reporting concerns about unethical or unlawful behavior (G4-58)

To report the cases of unethical or illegal behavior, as well as the problems of bad faith in the organization, employees may contact their immediate or direct managers, top executives or the HR department via email, telephone or in person or using the corporate portal.

For external stakeholders, the IBA Group's websites and pages in social media are available.

SPECIFIC STANDART DISCLOSURES

GENERIC DISCLOSURES ON MANAGEMENT APPROACH (G4-DMA)

The development of quality management systems at IBA is defined in the *Concept of Strategic Development of IBA Group*.

The Chief Executive Officers of IBA IT Park and IBA — Information Business Architectures are responsible for provision of initial conditions for the development, implementation, operation, and continuous improvement of the quality management systems (QMS), including:

- Sufficient resources, including qualified staff
- Creation (modification) of the company's organizational structure
- Distribution of responsibilities and authorities, including the appointment of a QMS representative
- Management of the Steering Quality Committee
- Development, management, and communication of policies, as well as establishment and update of quality objectives
- Creation of the Software Engineering Process Group (SEPG)
- Informing the staff about the obligatory observance of customers' requirement, legislation, and mandatory requirements for products
- Demonstration of conviction and commitment to quality
- Creation of a corporate culture, and comfortable and safe working conditions
- Internal exchange of information on quality, both vertically and horizontally (email, meetings, organizational and operation documents, education, trainings, internal portal, and social media)
- Setting goals in quality management at all levels
- Creation of various types of motivation (individual, social, financial security, and other)
- Innovation to achieve sustainable success (new products, processes, improved technologies, and organizational and technological solutions)
- Determining the prospects for successful operation of the organization, concepts of development of management systems based on the company's vision, mission, and external changes.

The Chairman of Board of IBA Group and the directors of its affiliates exercise control (at least once a year) of the functioning of the quality management systems, assess the effectiveness of the processes and systems on the basis of reports (Steering Committee, internal audits), and analyze the progress of the projects and annual plans of each division.

Following the analysis of the plans, strategies, quality management systems, risks, goals, policies, and improvement suggestions, the CEO and directors make a final decision on how to raise the company's efficiency, modify quality objectives and quality management processes and resources, and adjust strategic and annual plans.

The analysis of the quality management systems is carried out in accordance with the requirements established in the process of IBA–QM5 *Management Within Leadership Responsibility*, including internal audit reports (semi-annual) and performance reports of the quality management systems (annual).

To implement the policies and objectives in the field of quality and information security, IBA Group created the following management systems:

- Quality Management System for research, design, development, production, integration, installation, setup, and maintenance of software and automated systems, complying with the requirements of STB ISO 9001-2009, DIN EN ISO 9001:2008, and CMMI (Capability Maturity Model Integration) level 4.
- Information Security Management system for research, design, development, production, integration, installation, setup, and maintenance of software and automated systems, complying with the requirements of ISO/IEC 27001:2013.

To create the QMS, IBA applied process and system approaches, as well as proactive management of all related processes to ensure their effectiveness and efficiency in achieving the quality objectives.

For the QMS processes, the following aspects are defined:

- Purpose (specific task of the process in achieving quality goals)
- Responsibilities and authorities in the process
- Resources for process implementation
- Interaction with other processes
- Quality objectives of the process
- Input data
- Order of execution of the process (procedural steps) and actions for risk management
- Output data
- Criteria for deciding on the right course of the process and compliance of products (services) with the established requirements
- Procedures and methods of verification, validation, monitoring, inspection, and testing of products (services) within the process
- Methods, techniques, and forms of data (records) registration, which provide objective evidence that the process is under control and the quality of products (services) meets the requirements
- Methodology of continuous improvement of the process.

The IBA Group's top management conducts annual analyses and assessments of the effectiveness of the processes and QMS, and reviews scheduled progress in accordance with the mission, vision, policies, strategies, and objectives at all levels. The key performance indicators that are applied to achieve sustainable success and to manage the activities of IBA Group are measured, planned, analyzed, and integrated in the monitoring system, both vertically and horizontally. These indicators enable the IBA management to establish measurable goals aligned with the company policy, monitor how the goals are achieved, and identify quality trends, as well as take preventive and improving actions, if needed.

For the analysis, the annual performance reports of QMS and Information Security Management System (ISMS) are used, as well as the process efficiency reports *Continuous Improvement of Processes* for QMS and ISMS (annual), and reports on assessing the achievement of the planned results for QMS and ISMS processes (annual).

Constant improvements are incorporated into the daily activities and are applied to products, processes, management and organizational structures, management systems, staff training, corporate culture, working conditions, infrastructure, and stakeholder engagement.

Continuous improvements at IBA Group are planned and managed in line with the process built on the PDCA (Plan-Do-Check-Act) methodology.

To achieve improvements, the top management provides the following:

- Involvement of all employees in quality assurance
- Recognition of success and encouragement of achievements in the field of quality and innovation
- Delegation of authorities in setting objectives and making decisions
- Intensive staff training to improve qualification and knowledge levels
- Comfortable and safe working conditions
- Implementation of new technologies

- Creation of corporate culture
- Modification of infrastructure;
- Support of all types of motivation
- Allocation of resources
- Usage of the full potential of the company
- Introduction of innovations.

Indicators

CATEGORY: ECONOMIC

Aspect: Economic performance

Direct economic value generated and distributed (G4-EC1)

The total software and services revenue of IBA IT Park from 2014 to 2016 was 225.3 million Belarusian rubles (the average ruble to dollar exchange rate in 2014-2016 was roughly 2.0). The production and sales expenses amounted to 156.9 million rubles and deductions to the Social Protection Fund were 10.2 million rubles. Office space, public utilities and maintenance costs, and communication services amounted to 3.3 million rubles. Staff salaries amounted to 127.9 million rubles and the staff training expenses were 334.9 thousand rubles.

In JV IBA (since 2016, IBA — Information Business Architectures), the annual revenue from the sales of products and services (including taxes) was 49.0 million rubles in 2014, 43.7 million in 2015, and 3.8 million rubles in 2016. The production and sales expenses amounted to 35.3 million rubles in 2014, 29.5 million in 2015, and 3.5 million rubles in 2016. The salary expenses were 4.1 million rubles in 2014, 3.4 million in 2015, and 0.5 million rubles in 2016.

The mandatory deductions to the Social Protection Fund amounted to 1.5 million rubles in 2014, 1.0 million in 2015, and 0.2 million rubles in 2016. The office space, public utilities, maintenance costs, and communication services expenses were 1.5 million rubles in 2014, 1.9 million in 2015, and 61 thousand rubles in 2016.

Financial assistance received from government (G4-EC4)

Being a member of Hi-Tech Park, IBA IT Park uses tax benefits in line with the Presidential Decree #12 of September 5, 2005. Therefore, the total amount of financial assistance received by the company from the government during the reporting period was 131.7 million rubles.

The government has no stakes in IBA Group.

Aspect: Market presence

Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation (G4-EC5)

The ratio of the average entrance salary of women to the average entrance salary of men at IBA Group is 96.4 percent.

The calculation was made using an accrued average salary per month of a full-time specialist without a category, working for a full year.

The average entrance salary at IBA Group exceeds the average salary in the country by a factor of 3.7. In aggregate, the average salary of women in Belarus is roughly 27% lower than of men.

Development and impact of infrastructure investments and services supported (G4-EC7)

IBA Group develops its infrastructure by building and equipping modern buildings and facilities, including an office building, a data center, and parking, sports, and recreation facilities. In addition, residential buildings for employees were built on a commercial basis.

IBA Group made investments in the infrastructure of local communities in the form of money or equipment. See more in the section *IBA Laboratories at Universities*.

IBA Group contributes to the development of the information society in Belarus by implementing innovative IT solutions and products that save energy, introduce paperless technologies, and optimize business processes at enterprises and industries. These include payment systems for banks and financial institutions, an automated fare collection system for transport, and the document management system *Chancellor*.

SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS

Significant indirect economic impacts, including the extent of impacts (G4-EC8)

The IBA's laboratories at universities are an example of indirect economic impact. The labs serve to improve the level of IT education in the country. See more in the section *IBA Laboratories at Universities*.

Another example is the Institute of IT & Business Administration (IBA Institute), a member of IBA. The IBA Institute received the CSR (corporate social responsibility) award in the category *Best CSR Project: Education* for promotion of IT in Belarus among people with disabilities. The award is founded by the *Idea* international social economic fund. The same project was selected a winner of the 2016 GSA (Global Sourcing Association) Awards in the category Award for Corporate Social Responsibility (CSR).

The project of the IBA Institute is aimed at free training and certification in system administration for people with disabilities. Trainees were able to choose a teaching method, either in-person or remotely with a teacher. In 2014, 120 students with disabilities completed the challenging technical course. Of these, 89 were trained remotely and 31 were able to attend full-time classes.

In addition, the IBA Institute assists people with disabilities in solving the problem of unemployment and strives to attract the attention of employers to this vulnerable group of people.



CATEGORY: ENVIRONMENTAL

Aspect: Materials (G4-EN3)

The consumption rates for heat and electricity at IBA Group are approved annually by the Minsk City Department for supervision of rational use of energy resources (ER). In addition, the changes in the level of greenhouse gas emissions are measured in the CO2 equivalent during the year, depending on the consumption of heat and electricity. The ER consumption rates and limits (environmental impact) are listed in *Appendix 1* (Russian only).

Total weight of waste by type and disposal method (G4-EN23)

The amount of waste generated by the company is measured. In a year, the company produces about 550 tons of waste. Of these, 385 tons (70%) are recycled.

Aspect: Products and Services

Extent of impact mitigation of environmental impacts of products and services (G4-EN27)

Software development has no negative impact on the environment. However, the IBA Group development centers are located in the countries that do not have abundant energy resources. Therefore, the company aims at rational use of energy and other resources. The IBA Group's CSR programs devoted to environmental protection include the following actions.

- Acquire only the equipment that we really need
- Limit the use of paper (workflow automation and common printers for several floors)
- Use power management tools for monitors and hard discs
- Use efficiently the existing equipment
- Replace outdated equipment with new and more effective on schedule
- Introduce new generation technologies.

To reduce the environmental impact, the company signed agreements with specialized centers for servicing vehicles, in particular, for disposing of tires.

The company keeps a permanent record of water consumption (meters are installed) and measures the amount of waste generated by its activities. About 550 tons of waste is produced per year. Of these, 70% is recycled. Greenhouse gas emissions are measured in the CO2 equivalent.

In 2014, the target of energy savings reached the amount of -7.6, with the planned target of -5.9. Figures for 2015 and 2016 are not available due to the company's relocation to the IBA Group's campus.

Aspect: Overall

Total environmental protection expenditures and investments by type (G4-EN31)

IBA Group uses resource-saving technologies to manage resource consumption. Computers at IBA Group have embedded energy saving systems that reduce energy consumption during a temporary interruption in the operation. This results in reducing power consumption up to three times.

When renovating the buildings, IBA Group installs energy saving equipment, including water, electricity, and heat meters.

To ensure the best use of the premises, integrated repairs of offices, corridors, bathrooms, and gyms are carried out.

Each year, the measurements of physical factor levels at workplaces are taken. No deviations from the norm in terms of the sound and light levels were found.



At the initiative of IBA Group employees, the company's offices were equipped with special containers for batteries disposal.

Aspect: Environmental Grievance Mechanisms

Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms (G4-EN34)

In 2014-2016, IBA employees submitted 109 proposals through the *Personnel Proposals* database. Most of these were approved and implemented, including the following.

- Installation of heat regulators for the radiators in one of the development centers
- Organizing disposal of waste batteries and accumulators
- Banning of smoking at the entrances to the company's premises
- Installation of a shoe-polishing machine
- Addition of new classes at the IBA fitness center
- Maintenance of office facilities.

All of these were successfully implemented.

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

Aspect: Employment

Total number and rate of new employee hires during the reporting period, by age group, gender and region (G4-LA1)

The total number of employees at IBA IT Park and IBA (Information Business Architectures since 2016) as of December 31, 2014 was 1,695 people, 1,480 people as of December 31, 2015, and 1,652 people as of December 31, 2016. As these legal entities had restructuring with employee transfers between the branches, the real numbers of the new hires are hard to calculate. The following figures include both new hires and the number of employee who were transferred from one entity to another.

Rate of new hires was 11.7 % in 2014, 30% in 2015, 16.3% (IBA IT Park) and 53.3% (IBA) in 2016.

Employee turnover: 11 % (2014), 8% (2015), 9.7% (IBA IT Park) and 10% (IBA) in 2016.

Employee turnover by age group

Younger than 30: 13.4% in 2014, 14.3% in 2015, 12% (IBA IT Park) and 2.6% (IBA) in 2016.

30-50: 9.2% in 2014, 6.7% in 2015, 7.5% (IBA IT Park) and 5.2% (IBA) in 2016.

Older than 50 – 12.1% in 2014, 5.5% in 2015, 7% (IBA IT Park) and 5.2% (IBA) in 2016.

Employee turnover by gender

Women: 7.4% in 2014, 5.5% in 2015, 6.7% (IBA IT Park) and 5.2% (IBA) in 2016.

Men: 13.3% in 2014, 10.4% in 2015, 9.6% (IBA IT Park) and 7.8% (IBA) in 2016.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation (G4-LA2)

IBA Group has a benefit package that is wider than the social guarantees stipulated by the laws of Belarus. The social benefits and allowances provided to IBA Group employees and members of their families cover a range of areas, including medical care, recreation, sports, tourism, and cultural events.

The IBA's benefit package includes privileges and social allowances that increase the social protection of employees and their families, motivation of employees to effective work, development of the organizational culture, and create a favorable moral and psychological environment in the teams. Social events are grouped into the following programs.

- Medical care and recreation includes treatment at medical institutions, voluntary medical insurance, discounted boarding and medical care at sanatoria and other recreational institutions
- Sports and tourism includes football, volleyball, table tennis, fitness, swimming, dancing, tourist rallies, weekend tours, and excursions. IBA Group organizes internal championships in different sports and IBA teams participate in city and national tournaments.
- Festive events and gifts include gifts to women for International Women's Day, to employees on retirement, to newly hired employees, and corporate events.
- Improved living conditions include loans to employees for purchase and rent of houses and apartments, and provision of rented apartments to employees.
- Social allowances include financial assistance in the event of marriage, childbirth, parental leave, recreation, and other.
- Children program includes events, gifts, recreation in children camps, and educational programs for employees' children.

In 2014, IBA Group launched the social program 'Assistance to families that raise disabled children' and developed a plan of granting monthly allowances to disabled children.

The enrollment ratio for the benefit package amounted to 91.14 % of the total staff in 2014, 90% in 2015, and 86.5% in 2016. The employee satisfaction level was 8.99 in a 10-score scale in 2014, 9 in 2015, and 9.01 in 2016.

Within the social programs, IBA provided the following financial assistance.

To 29 newly married employees in the amount of 34 base pay rates in 2014, 56 employees in the amount of 35 base pay rates in 2015, and 25 employees in the amount of 39 base rates in 2016

To 78 employees with newborn children in the amount of 34 base pay rates in 2014, 78 employees in the amount of 36 base pay rates in 2015, and 76 employees in the amount of 38 base pay rates in 2016

- On a monthly basis, allowances on parental leave in addition to those paid by the government to 41 employees in the amount of 10 base pay rates in 2014, 37 employees in the amount of 15 base rates in 2015, and 37 employees in the amount of 13 base rates in 2016
- Financial assistance to employees at the beginning of the autumn – winter season to cover the increase in utility fees and other expenses to 1,597 employees in 2014, 1439 employees in 2015, and 1506 employees in 2016
- Monthly allowances to 5 employees with disabled children in the amount of 10 base pay rates each
- Vouchers to children summer camps received 71 employees for their children in 2014, 62 in 2015, and 68 in 2016
- 948 employees had flu vaccination and 816 x-ray examinations in 2014-2016
- Employees received 1,625 circus tickets and 704 children railway tickets each year
- 601 employees participated in the tourist rally in 2014, 693 in 2015, and 621 in 2016
- 47 weekend tours were held in 2014-2016.

Program on Improvement of Living Conditions

IBA Group provides interest-free loans to its employees who commission or buy flats or houses. The procedure and the loan size are stipulated in the Provision on Loans to IBA Group Employees.

The distribution of rented flats is regulated by the Provision on Waiting List and Distribution of Rented Flats.

Financial Assistance

IBA Group employees receive financial assistance in line with the Provision on Benefit Package in the event of:

- Getting married for the first time
- Childbirth
- Parental leave with children up to 3 years old
- Buying vouchers for children's recreation
- Having disabled children
- New Year to all employees;

as well as to employees who are veterans of the war in Afghanistan or fighters of the Chernobyl accident.

Sports and Tourism

IBA Group encourages a healthy way of life and a desire to foster creativity. IBA employees can practice aerobics, Pilates, yoga, dancing, ping pong, go on water tours, and compete in a tourist rally or sport contests. The company has at its disposal sport halls, as well as rented gyms, swimming pools, and saunas. In 2016, IBA Group opened a campus in Belarus High-Tech Park. The campus includes a fitness center with a gym, a large game room, fitness rooms, and a table tennis room.



Annually, IBA employees are involved in internal and external competitions in different sports. They also practice on a regular basis team sports, including football, volleyball, and basketball. They can practice at gyms and swimming pools, visit saunas in the organizations with which IBA has service contracts. IBA employees practice in fitness groups with professional coaches at in-company gyms.

In 2014, IBA took the second place in a series of sport tournaments among IT companies called 'IT Cup'. IBA Group was also a winner of the tourist rally among IT companies 'IT@T' organized by the Scientific and Technological Association Infopark. In 2015, IBA won the 12th championship among IT companies of Belarus entitled 'IT Spartakiada'. In 2016, IBA Group finished in the second place at IT Spartakiada.

IBA Group organizes tourist rallies once a year. In 2014, 600 IBA employees participated in a tourist rally, 693 in 2015, and 621 in 2016.



At the IBA-organized tours, excursions, and retreats, company employees familiarize themselves with the cultural legacy of Belarus and its nature. IBA organized 17, 12, and 18 weekend tours in 2014, 2015, and 2016, respectively.

IBA Group organized cultural and entertainment events for its employees. The announcements about the events are made through the IBA portal. In addition, IBA employees attended outdoor master classes on diving, martial arts, arm wrestling, and yoga.

Children Programs

IBA Group takes care of the young generation. The well-organized summer vacations, holidays and gifts make children's recreation diverse and the school of early development helps them open their talents.

Every September, IBA Group organizes a family holiday for children of company employees. As the event is devoted to Knowledge Day, the first graders are given presents. On New Year, IBA children receive tickets to a circus show, go on a railway tour entitled 'New Year Express' at the Minsk Children Railway, and are given New Year gifts.

IBA children attend pre-school educational programs at the School of Early Development in the Center of Extracurricular Education 'Svetoch'.

On September 25, 2016, IBA Group organized an interactive family festival entitled *City of Professions* for its employees and their children to celebrate the beginning of the new school year. Young visitors had a chance to learn about different professions. At the entrance to the festival, a special Job Center offered children various career opportunities. Alongside with employees and their kids, IBA Group also invited children from the Social Pedagogical Center of Minsk's Soviet District, the 410th daycare center, the 2nd gymnasium of Novopolotsk, and home for senior and disabled people of Logoisk.

In September, 2015, IBA Group held a festival to mark Knowledge Day and Minsk City Day. More than 1,500 guests gathered at the IBA Eco City festival in Minsk, including the company's employees and their kids, disadvantaged children from the Social Pedagogical Center of Minsk's Soviet District, and representatives of the children's supplementary education center Svetoch (Luminary).

On June 1, 2014, IBA Group organized a celebration of International Children's Day for orphans and children living in adoptive families. The event included a master class in creativity entitled Pillows – Toys – Anti-Stress, games, contests, and gift-giving.



Hobby Groups

The following hobby groups are functioning at IBA Group.

- Tea and coffee ceremonies, different samplings
- Culinary master classes with high class chefs
- Courses of counter-accident driving, air piloting, and diving
- Workshops, consultations, and meetings with lawyers, doctors, a car mechanic, a racing driver, a musician, a fitness instructor, a fighter of martial arts, and other.

Return to work and retention rates after parental leave, by gender (G4-LA3)

In 2014, 14 employees returned from parental leaves and in 2015 the number of those who returned to work was 8. All of them are women and 100 percent continued working at IBA Group. In 2016, 26 employees returned from parental leaves and 18 of them continued working at IBA Group.

Aspect: Occupational Health and Safety

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender (G4-LA6)

Every year, IBA Group conducts sample measurements of physical factors of the environment at working places. The Center of Hygiene and Epidemiology of the Soviet Rayon of Minsk held a comprehensive hygienic inspection at IBA from March 10, 2011 to March 11, 2011. No violations of sanitary rules, norms and hygienic provisions were detected. The comprehensive inspections are held once in five years.

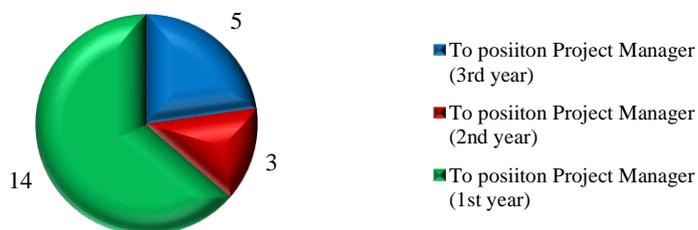
Aspect: Training and Education

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (G4-LA10)

IBA Group trains employees at the educational centers of world IT leaders and IBA Institute, enabling them to earn certificates in priority IT areas. At IBA Institute, they can also in addition to IT and business training learn foreign languages, namely English, French, German, and Chinese. IBA also conducts in-company trainings, workshops, and

conferences for employees to share experience in different areas.

In 2014, 995 employees had training, 990 in 2015, and 714 in 2016. The company has a Staff Reserve of promising young specialists that are trained in line with the Provision on Staff Reserve # 01-04/7 of 17.06.2009. The aim is to create a staff reserve of the best employees based on the results of assessments of knowledge, skills, and business and personal qualities, organizing their consistent targeted training for subsequent promotion to key positions. In 2014, 22 employees were included in the IBA Staff Reserve. In 2015 and 2016 no new employees were included in the IBA Staff Reserve.



Staff Reserve Training

Number of Staff Reserve trainees in 2012-2014

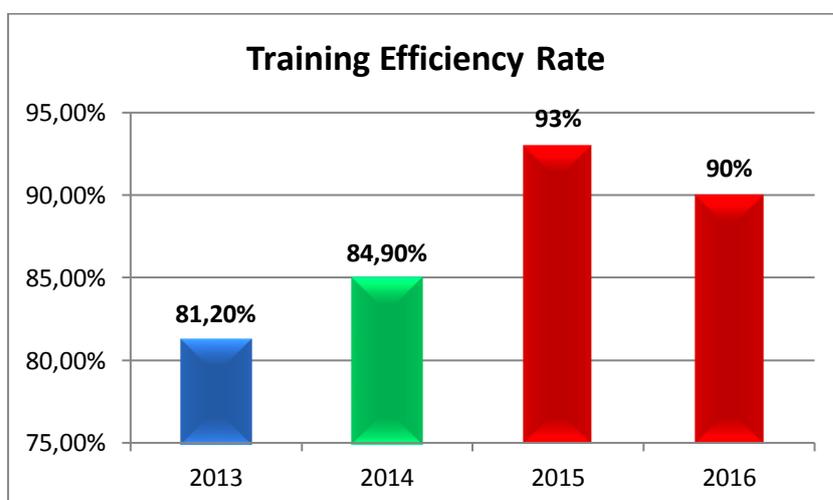
Year	Employees
2014	213
2013	135
2012	162

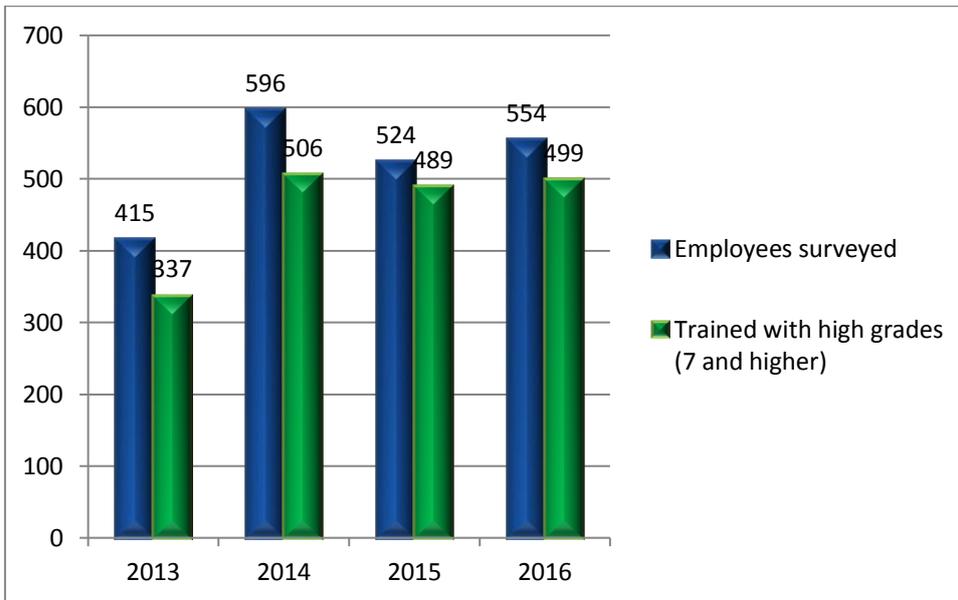
Staff Training

Growth of the number of employees who had training in 2012-2016*

Year	Employees trained	Employees who passed certification exams	Employees certified
2012	181	16	174
2013	713	89	690
2014	617	89	594
2015	990	224	142
2016	714	103	246

*The table was compiled using the IBA Training database





Aspect: Equal Remuneration for Women and Men

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation (G4-LA13)

The ratio of the average remuneration of women to the average remuneration of men at IBA Group in 2016 was 96.4 percent.

The calculation was made using an accrued average salary per month of a full-time specialist without a category, working for a full year.

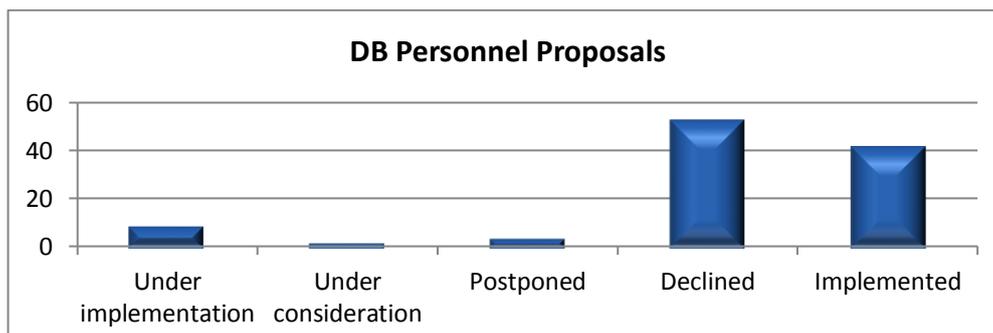
The average salary of women in Belarus is roughly 27% lower than of men. The average entrance salary at IBA Group exceeds the average salary in the country by a factor of 3.7.

Aspect: Labor Practices Grievance Mechanisms (G4-LA16)

To automate the collection and processing of employee claims and proposals, IBA Group has a database called *Personnel Proposals*. Using this database, any employee can make a claim or proposal on any aspect of the company's activities, from everyday living to company management, and observe its approval cycle. The right to submit proposals on the improvement of the company's operations is secured in the employees' terms of reference.

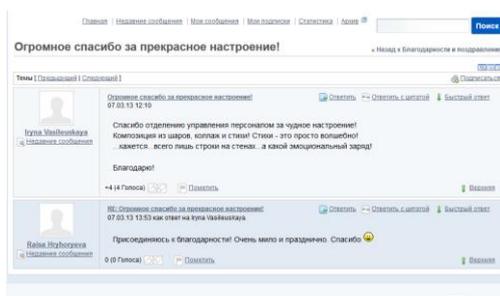
None of the proposals submitted in 2014-2016 was directly related to labor mechanisms. However, the proposals to prohibit smoking at the entrances to the company's premises, mark glass doors with bright stickers to avoid traumas, and to support employees who have disabled children were submitted, approved, and implemented.

Employee proposals in 2014-2016



The IBA Group’s portal is also an important feedback channel. The section Billboard enables employees to express their stance to any event and receive a quick response.

Billboard Screenshot



SUB-CATEGORY: HUMAN RIGHTS

IBA Group supports the ten principles of the UN Global Compact, the UN Convention Against Corruption, the Criminal Law Convention on Corruption of the European Council (ETS No 173), and the law of the Republic of Belarus of 20.07.2006 № 165-3 'On Combating Corruption'.

IBA Group supports and respects the human rights declared internationally and is not involved in any violation of human rights.

IBA Group does not use forced or compulsory labor or child labor (prohibited by law in Belarus) in any form. IBA Group advocates elimination of discriminations in employment and occupation.

IBA Group supports the precautionary approach to environmental issues and supports the development and spread of environmentally friendly technologies.

IBA Group is opposed to all forms of corruption, including extortion and bribery. The Code of Ethics of IBA contains a requirement to reject bribery in any form.

Aspect: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms (G4-HR12)

IBA Group has a database designed for employee claims and proposals. None of the proposals submitted in 2014-2016 was directly related to labor mechanisms. However, the proposals to prohibit smoking at the entrances to the company’s premises, mark glass doors with bright stickers to avoid traumas, and to support employees who have disabled children were submitted, approved, and implemented.

SUB-CATEGORY: SOCIETY

Aspect: Local communities

Support of NGOs and Vulnerable Groups

IBA Group participates in the social and infrastructure development of the city of Minsk. The company provides financial assistance on a regular basis to the Social and Pedagogical Center of the Soviet Rayon of Minsk and to the Center of Extracurricular Activities SVETOCH of the Soviet Rayon of Minsk. IBA organizes celebrations for the

inmates to mark International Children's Day, and invites to New Year circus shows at the Belarusian State Circus and to the annual party held for children of IBA employees.

IBA Group renders financial support to educational institutions, museums, veterans of the Soviet Rayon of Minsk, and the Minsk city Water Rescue Society (OSVOD).

In 2014-2016, IBA provided financial assistance to the following organizations:

- National Children Hospital of Medical Rehabilitation
- Administration of Soviet Rayon of Minsk
- Belarusian State University
- Belarusian State University of Informatics and Radioelectronics
- Belarusian National Technical University
- Minsk State College of Electronics
- NGO 'Center of Assistance to Autistic Children'
- NGO 'Children. Autism. Parents'
- Secondary School #2 in Kopyl, Brest Region
- Socio Pedagogical Center of Kopyl Rayon, Brest Region
- Agricultural enterprise Sakovshchina-Agro
- Council of Veterans of the Soviet Rayon of Minsk
- 34th Central Outpatient Clinics of the Soviet Rayon of Minsk
- Department of Education, Sports and Tourism of the Administration of the Lenin Rayon of Minsk
- Gymnasium #75 of Minsk
- Social Pedagogical Center of Minsk's Soviet District
- Department for ideological work, culture, and youth affairs of the Minsk Region Executive Committee
- Secondary schools of the Kamai agritown and the Voropaevo urban village
- Secondary School #30 of Minsk
- Kindergarten #410 of Minsk
- Secondary School #164 of Minsk
- School #191 of Minsk
- Department of Education, Sports and Tourism of the Administration of the Soviet Rayon of Minsk
- Polotsk State Gymnasium #2
- Mogilev Oblast State Lyceum #1
- Charity Fund 'Lubchanski Zamok'
- IT Shag Ltd.
- Other organizations.

Organization of Children Celebrations

1. Cow boy party for inmates of the Social and Pedagogical Center of the Soviet Rayon of Minsk

To mark International Children's Day, IBA Group organized in 2014 a western-style party in a horse farm for inmates of the Social and Pedagogical Center of Soviet Rayon of Minsk. The program included horse riding, dexterity practicing, dancing to cow boy music, lunch, and gifts.



2. Children party 'All is excellent with IBA!'

On September 7, 2014, IBA Group held a party for children devoted to the beginning of the academic year. The program included games with characters of fairy tales and cartoons, contests, gifts, and refreshments.



3. Knowledge Day

In September, 2015, IBA Group held a festival to mark Knowledge Day and Minsk City Day. More than 1,500 guests gathered at the IBA Eco City festival in Minsk, including the company's employees and their kids, disadvantaged children from the Social Pedagogical Center of Minsk's Soviet District, and representatives of the children's supplementary education center Svetoch (Luminary).

4. Children Party 'City of Professions'

On September 25, 2016, IBA organized an interactive family festival entitled *City of Professions* for its employees and their children to celebrate the beginning of the new school year. Young visitors had a chance to learn about different professions. At the entrance to the festival, a special Job Center offered children various career opportunities. Alongside with employees and their kids, IBA Group also invited children from the Social Pedagogical Center of Minsk's Soviet District, the 410th daycare center, the 2nd gymnasium of Novopolotsk, and home for senior and disabled people of Logoisk.



5. New Year Show

On the 2015 New Year eve, inmates of the Social and Pedagogical Center of the Soviet Rayon of Minsk received invitations from IBA Group to a New Year show at the Belarusian State Circus entitled 'Magic Dream at a Winter Night'.



6. Children Railway Tour 'New Year Express'

In 2014-2016, dramatized tours entitled 'New year Express' were held at the Children Railway. The passengers traveled across a snow-covered forest on a warm and comfortable train. The program of the show with 760 children and parents in attendance in 2014, 704 in 2015, and 805 in 2016 included New Year contests and games.

Support of Education and Cooperation with Universities

The IBA Group's cooperation with universities includes the following.

- Information and methodological assistance in modern IT education
- Upgrade of equipment, classrooms, and laboratories, and purchase of computing and office equipment for universities
- Organization of training courses in IT
- Employment of graduate
- Organization of internships
- Participation in university programs of IBA partners
- Management of IBA labs at the Belarusian State University and Belarusian State University of Informatics and Radioelectronics
- Teaching at universities, including targeted training in IT disciplines that are on demand at IBA Group
- Participation in conferences, seminars, workshops, career days, and vacancy fairs.

IBA Group Laboratories at Universities

IBA – BSU Competence Center



In January, 2011, the Competence Center of BSU (Belarusian State University) and IBA was founded with the aim to improve the education of university students and teachers in advanced IT disciplines.

The students and teachers receive training within the following educational projects.

- IBM university programs, including the IBM Academic Initiative that is currently implemented at BSU
- Microsoft educational program that includes innovations in the teaching process (IT Academy, Innovation Centers, MLG, MDAA, and E-Learning), licensing programs for teachers and students (CASA, MSDN Academic Alliance, and Faculty Connection), support of contests and conferences (Imagine Cup, 'Microsoft Technologies in Theory and Practice of Programming')
- Training on SAP landscape deployed on IBA servers
- Education in IT technologies to meet requirements of IT companies.

Leading IBA experts and university teachers conduct the education.

IBA – BSUIR Laboratory

The history of cooperation between IBA Group and BSUIR began from the moment the company was founded. In 1999, a joint laboratory entitled 'New Information Technologies' opened at the Faculty of Information Technologies and Management. At the Faculty of Computer Systems and Networks, an IBA – BSUIR laboratory was established in 2008. IBA experts conduct training for university students in methodology and technology of software development using IBM Rational & IBM WebSphere at the laboratory.

In February 2014, IBA Group upgraded the computing infrastructure of the laboratory, installing a new IBM xSeries server equipped with two Intel Xeon processors and RAID of 2TB. The server serves as the base of the faculty's datacenter.

Thanks to efforts by IBA Group, the Academic Center of IBM Competences was set up, the first in Belarus.

The goals of the Academic Center of IBM Competences are the following.

- In cooperation with IBA experts, train students and post-graduates in innovative IBM technologies based on IBM InfoSphere, IBM WebSphere, and DB2 UDB

- Improve the professional level of university professors, teachers, and graduates
- Introduce new disciplines with IBM technologies in the educational process
- Develop teaching materials using IBM technologies and methodologies
- Develop partner relations between the university and the IT industry to train qualified specialists for Belarusian enterprises, as well as to conduct joint scientific research.

Projects of Academic Center of IBM Competences

- Training ‘Software development methodology and technology on IBM Rational & IBM WebSphere
- Certification of BSUIR students within the Academic Qualification Program of IBM
- Seminars / webinars with IBM and IBA experts
- Creation and maintenance of a proprietary datacenter to implement educational and R&D projects
- R&D projects on Big Data
- R&D project on Portal FKSiS.

Upgrade of IBA – BSUIR Laboratory

In spring 2014, IBA Group installed at the IBA – BSUIR Laboratory a new IBM xSeries server equipped with two Intel Xeon processors. The server is the base for building a datacenter of the faculty. The following projects are ongoing at the laboratory.

- Virtual Computing Lab (VCL): remote access to a datacenter with a set of software
- Studying of Big Data technologies.

Training at IBA – University Labs

In 2014-2016, IBA Group conducted the following courses at its university labs: fundamentals of IBM SPSS Modeler, Business Analytics Using IBM Cognos BI, management of software requirements using IBM Rational DOORS, SAP programming and ABAP tools, Service–Oriented Architecture Based on IBM WebSphere Products, Big Data and Technologies for Development of Enterprise Applications, and a workshop on SAPERPsim – Distribution and Logistics games.



The website of the Faculty of Computer Systems and Networks of BSUIR that was produced by the IBA – BSUIR laboratory took the third place in the contest *Internet – Premia* within the international forum TIBO-2015.



Support of Olympic Movement

Since 2008, IBA Group has been providing financial and technical support to universities in the organization of conferences and contests.

Support of university teams in ACM-ICPC

IBA Group provided financial and technical assistance to the BSU team in the final of the international programming contest ACM-ICPC (14th place among 122 teams) and to the BSUIR team in the semi-final of the same championship.



Support of the National Student Olympiad in Mathematics



IBA Group provided financial support to the National Student Olympiad in mathematics organized by the Mechanics and Mathematical Faculty of BSU. On May 7, 2014, IBA Group awarded diplomas and certificates to the students who took top places in the Olympiad. The Olympiad was held to discover and support gifted students.

IBA Group as General Partner of IV Open Championship of BSUIR in Programming

IBA Group supports the Open Championship of BSUIR in programming. In 2014, 227 university teams participated, including teams from BSUIR, BSU, and other CIS universities.

Support of BIT Cup

IBA Group sponsored and worked as a part of the jury team, assessing mobile applications at the university IT contest *BIT-Cup 2014*. Organized by BSUIR, the contest took place in April, 2014.

In November 24, 2016, IBA Group participated in BIT Cup 2016 as the event's sponsor. Providing assistance to the IT championship, IBA Group strives to support talented IT students and help them in choosing their career.

Involvement in University Events

Meeting of BSU Students and Teachers with SAP Representatives

IBA Group supports the BSU membership in the SAP University Alliances, a global SAP partnership program for universities. The meeting addressed innovative SAP systems, new technologies, and initiatives, the speakers being representatives of SAP, IBA Group, and BSU-IBA Competence Center.



Support for the 50th Anniversary of BSUIR

In March 2014, BSUIR, the largest scientific and educational center of Belarus in the area of computer science, radio engineering, and electronics, celebrated its 50th anniversary. The BSUIR chancellor invited university alumni

who head leading IT companies to participate in the festive events devoted to the anniversary. Sergei Levteev, IBA chairman, is a BSUIR alumnus and a member of the Trustee Council. IBA Group donated the university a data storage system (QNAP TS-EC1279U-RP), a computer to process and systematize data collected in expeditions and folklore festivals, and equipment to improve the operation of the socio-pedagogical and psychological services at the university.

Software Engineering Forum SEF.BY2Students

IBA Group participated in the fourth and fifth Software Engineering Forums *SEF.BY2Students* within the project *SEF.BY*. The organizers were Infopark Association and High Tech Park with support from the Ministry of Education of Belarus. IBA Group conducted a contest of forecasts about the most important event in the market of mobile operating systems using the social medium VKontakte.

Technical Support to BSU and MSCE

In December 2015, IBA Group provided financial and technical assistance to the Belarusian State University (BSU) and Minsk State College of Electronics (MSCE). The support included the supply, installation, and configuration of Chancellor, the IBA Group's proprietary software product for EDM and ECM. Thus, IBA Group assists educational institutions to train specialists in workflow management.

Events for High School Students

IBA Group's Meeting with Students of Minsk Gymnasium #21

Within the Open Days that are traditionally held at High Tech Park in September, IBA Group met with senior students of the Minsk Gymnasium #21. After the meeting, the students made a tour of the IBA Group offices, sport halls, cafés, and a recreation room.



IBA Group Event for High School Students

In 2016, IBA Group experts held a meeting with senior high school students who plan a career in the IT sector within a Belarusian science and innovation tournament entitled *Creative Planet*. Initiated by Alba, a non-governmental organization, the meeting was aimed at helping talented young people to choose their future profession.



Volunteer Movement

IBA employees are active in addressing social problems. For example, Marina Marchenkova, leading engineer at the 1st Software Development Department, acts as a middleperson between IBA employees and the 5000 Club that raises money for children suffering from cancer.

Olga Nikonova, software engineer at the Business Development Department, participates in the operation of Angel Search and Rescue. She administers their pages in social media and is involved in the search of people. Olga and two Angel members found the missing nine-year old boy Andrei Sheremetiev.

IBA Group employees at their own initiative participate in the organization of the tournament *What? Where? When?* for high school students in Baranovichi, Minsk Region.

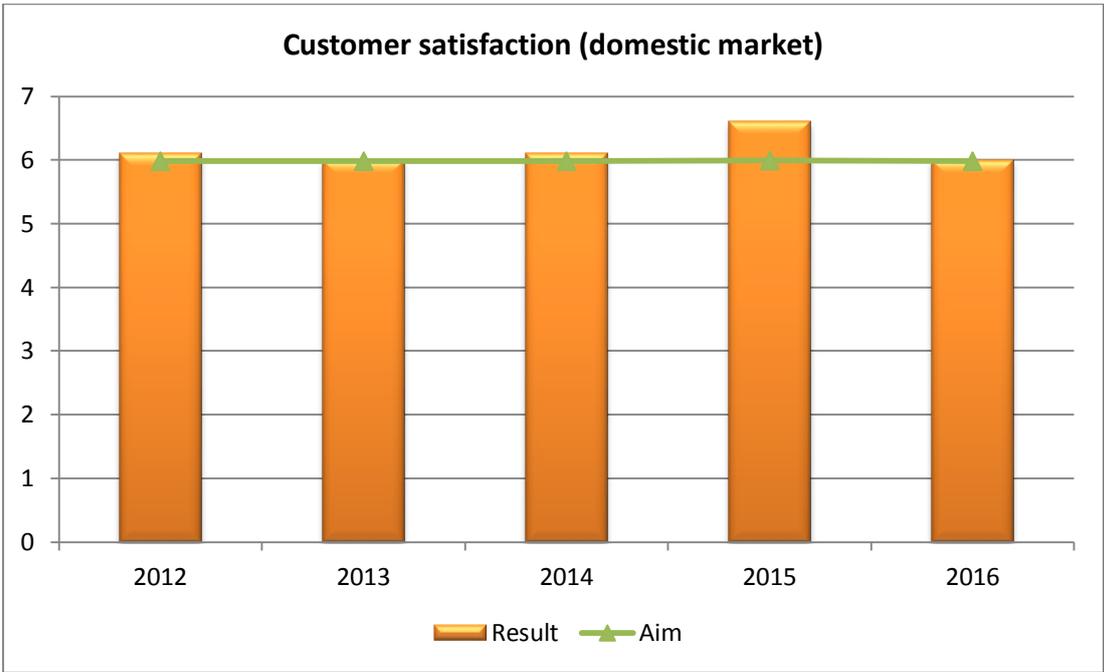
SUB-CATEGORY: PRODUCT RESPONSIBILITY

Results of surveys measuring customer satisfaction (PR5)

To monitor customer satisfaction, IBA Group uses information from annual customer surveys.

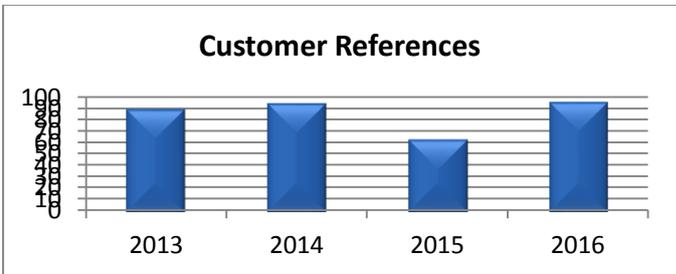
IBA Group created a survey system to receive feedback about the quality of products and software services from international and local customers. Process owners and the Steering Quality Committee analyze survey results. The Committee's conclusions are the basis of corrective and preventive actions, and planning changes in the management systems. The survey results for the last four years are the following.





The number of customer claims did not exceed three per year in 2011 – 2016. IBA achieved this through thorough testing of applications in cooperation with the customer. As a result, the defects are eliminated before and in the course of acceptance tests.

Reference letters and letters of thanks are another indicator of customer satisfaction. From 2012 to 2016, IBA Group received 418 customer references by email. The customer references broken down by year are shown in the following diagram.



The software quality remains high for the last years. The number of critical defects in the delivered software has been stable since 2004 and has not exceeded 0.004. IBA conducted an assessment of the cost of actions aimed at the improvement of this ratio, revealing that software development costs would be higher than the costs of maintenance. Therefore, it is not feasible to improve the indicator at the moment.

GRI Content Index (G4-32)

GRI Performance Indicators, Number	Indicator Description	Comment
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries (G4-23)	Not applicable
G4-29	Date of most recent previous report (if any)	Not applicable
G4-EN29	Aspect: Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No monetary fines or non-monetary sanctions
G4-HR3	Aspect: Non-discrimination Total number of incidents of discrimination and corrective actions taken	No cases of discrimination
G4-HR5	Aspect: Child Labor	No cases, prohibited by law
G4-HR6	Aspect: Forced or Compulsory Labor	No cases
G4-SO2	Aspect: Anti-corruption	No cases of corruption
G4-S06	Aspect: Public Policy	No donations for political goals
G4-SO7	Aspect: Anti-competitive behavior	No legal actions
G4-SO8	Aspect: Compliance	No monetary fines or non-monetary sanctions
G4-SO11	Aspect: Grievance Mechanisms for Impacts on Society	No grievances
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	No incidents of non-compliance
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Not applicable for software products
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No incidents of non-compliance
G4-PR6	Sale of banned or disputed products	No cases
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	No incidents of non-compliance
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines