Environmental Management System

Smartcom-Bulgaria AD

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Prepared for IBM Corporation

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Introduction

Smartcom-Bulgaria AD has certified Environmental Management System (EMS) by TUV Rheinland Bulgaria – Certificate № TRBA 110 0039.
Our Environmental Management System covers the Environmental Protection model according to:
- **Plan:** including identifying environmental aspects and establishing goals
- **Do:** Implement, including training and operational controls
- **Check:** including monitoring and corrective action
- **Act:** Review, including progress reviews and act to make needed changes to the EMS.

Compliance Plan

The following plan elements address each of IBM's EMS requirements and demonstrate how Smartcom-Bulgaria AD will comply.
We perceive Green IT strategy for sustainable development, which affects energy Minimize, Reduction of CO_2 emissions, better management of electronic waste.

Requirement #1

Define, Deploy and Sustain a corporate responsibility and Environmental Management System that identifies significant aspects of the supplier's intersections with these matters, including those articulated in IBM's Supplier Conduct Principles and/or the EICC Code of Conduct.
The requirements apply to employees as a guide in performing official duties and for our partners as proof of our ability to work competently and committed to the environment.
Smartcom-Bulgaria AD Compliance: Implementation of requirements #2 through #8 in this document will satisfy the need for an Environmental Management System.
Smartcom-Bulgaria AD posts Declaration of Management Responsibility
on our website http://www.smartcom.bg/about_us.html.
We will work to continuing our efforts to ensure improvement our EMS in the comming years.
We explore in detail our products range and perform monitoring and control production, supply and sales. Our system management (EMS - environmental management system) perform for maintenance of all processes related to monitoring and environmental management initiatives.

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Requirement #2

Establish Programs (within the management system) to control operations that intersect with these matters and confirm compliance with applicable law, regulation and any particular contractual requirements.

Smartcom-Bulgaria AD Compliance: We maintain an updated list of regulations and we reflect the changes in these documents. The company's team is firmly convinced and comply with the applicable for the company legal requirements perform the tasks. The company has a committee on ecology.

Requirement #3

Measure Performance associated with supplier's significant environmental aspects and include, at a minimum, each of the following aspects common to virtually all businesses:

  a. *Energy conservation –.* Total number of computers 65, including desktops - 34 and laptops – 31.
  b. *Scope 1 and Scope 2 greenhouse gas (GHG) emissions and*
  c. *Waste management and recycling.(* batteries; carton and paper; toner cartridges; fluorescent lamps)

Designing for the environment includes green product design/ packaging design, designing for optimum operational efficiency, and designing for product end of life

Smartcom-Bulgaria AD Compliance: We will establish a baseline for the aspects identified in a 12 month period in order to address seasonal trending. The baseline period defined as January 2014 to December 2014.

For the period July to December 2014:

- Calculate Energy Consumption (as applicable):
  - **Electric** – The program for improvement for 2014-2015 is provided for the purchase of notebooks to reduce energy consumption. Kilowatts consumed per employee 730 kW
  - **Petrol** – Liters consumed in company owned cars 5003 l + 4058 l diesel and methane 1601.15 kg
- Calculate Scope 1 greenhouse gas emissions (Calculate CO_2 generated from the following elements according to standard formulae):
  - Petrol for 58939 km passed the quantity of CO_2 is about 11.5 t
  - Diesel for 16312 km passed the quantity of CO_2 is about 3.5 t
  - Methane for 13685 km passed the quantity of CO_2 is about 1.6 t

- Calculate Scope 2 greenhouse gas emissions:
  - Electric used about 42.366 MWh – CO_2 – 23.6 t

- Waste management and recycling

We collect and pass on all the waste from used paper in the office for recycling which is negligible quantity – 47 kg for 2014.

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Requirement #4

Set Targets to achieve positive results associated with their significant environmental aspects, including goals for each of the three aspects (a, b and c) cited in Requirement #3 above.

Smartcom-Bulgaria AD Compliance: Working off the baselines established in Requirement #3 we will set one goal in each category. The goal measuring period will be 12 months.
Progress will be tracked annually based on consumption over the course of a year.

Goals will be determined in conjunction with Smartcom-Bulgaria AD senior management, and follow the basic format shown:

- Energy Consumption
  - ■ Consumption is reduced more than 3 % per employee by 2014 to 2015
- Scope 1 and Scope 2 Greenhouse Gas emissions
  - ■ Reduce (Scope 1/Scope 2) GHG emissions from (electric/fuel/gas) usage over 3 % by 2014 to 2015

Requirement #5

Publicly Disclose results associated with the voluntary environmental goals and other environmental aspects from the management system, including any regulatory fines or penalties that may have occurred.

Smartcom-Bulgaria AD use to publish a report on the website.

Requirement #6

Train employees who are responsible for performing this work (monitoring, measuring and/or reporting environmental performance).

Smartcom-Bulgaria AD Compliance: We passed a training for all employees and specific training for those who will collect and measure our environmental performance data. Employees support the EMS through actions such as making sure all paper is recycled, trash is minimized etc.

Requirement #7

Conduct Self-Assessments/Audits, as well as Management Reviews of their management system

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Smartcom-Bulgaria AD Compliance: We conducted our Management Review before the second supervisory audit of the integrated management system.

Requirement #8

Cascade these same requirements onto their own suppliers who perform work <u>material to</u> the goods and/or services provided to IBM..

Smartcom-Bulgaria AD Compliance: We do not have any suppliers that perform work <u>material to</u> the services we provide to IBM.

Timeline

Smartcom-Bulgaria AD implements IBM's target in our EMS which are declared from CEO.

Smartcom-Bulgaria AD passed the audit for renewal of certification successfully in December 2014.