Corporate Sustainability Report

2022

Master Soft Paraguay S.R.L.

Content

Integrated Quality and Environmental Policy

The Directorate of Master Soft Paraguay S.R.L. focuses the Quality Management System under the ISO 9001:2015 standard as a method to organize the operation of the company based on basic pillars such as the quality of its products, customer satisfaction and continuous improvement. Likewise, the Directorate of Master Soft Paraguay S.R.L. focuses the Environmental Management System based on ISO 14001:2015 to the management of environmental aspects, emergencies, risks and environmental legal requirements.

For this purpose, the Integrated Quality and Environmental Management System of Master Soft Paraguay S.R.L. is based on:

- The quality and its improvement are the responsibility of all the company members, starting from the Directorate.
- The quality assurance process requires the participation and collaboration of all organization members. Therefore, this Policy is disseminated to all the company's personnel for their knowledge and understanding.
- The quality is achieved by planning, executing, reviewing, and improving the Integrated Management System, bearing in mind the context of the organization, both internal and external.
- The quality is oriented to customers and interested parties' satisfaction, through the organization's commitment to meet their needs and requirements, as well as legal requirements and those of the products themselves.
- The quality is based on the continuous improvement of both the production and service processes and the efficiency of the

Management System in which preventing errors is a fundamental aspect.

- The quality leads us to pay the maximum attention to the technological evolution and to the possible improvements that the new technologies put at our disposal.
- Ensure compliance with applicable environmental legislation and regulations, as well as with other requirements to which our company subscribes related to its environmental aspects.
- Ensure the protection of the environment and promote the efficient use of natural resources.
- Identify and control the organization's environmental aspects and risks to establish a preventive approach.
- Train and sensitize the organization's personnel regarding environmental performance, as well as to provide the necessary resources for the proper functioning of the environmental system.
- Establish and regularly review the quality and environmental objectives in accordance with the commitments made in this declaration, within a process of continuous improvement.

Scope

This report covers the facilities of Master Soft Paraguay S.R.L. located in Asuncion, and corresponds to the period January 01, 2021 to December 31, 2021.

Identification and evaluation of environmental aspects

According to chapter 6.1.2 of the ISO 14001:2015, the organization shall determine the environmental aspects of its activities, products and services that it can control and those that it can influence and their associated environmental impacts, from a life cycle perspective.

For this reason, we have defined internal procedures which include the following activities:

- Identification of environmental aspects from a life cycle perspective.
- Design a methodology for the evaluation of the aspects.
- Evaluate environmental aspects to identify significant ones.
- Establishment of an Action Plan.

Environmental aspects considered

All available information on the company's processes and products/services is analyzed to detect elements or actions that may interact with the environment and, in particular, issues related to:

  - Consumption of materials.
  - Use of hazardous substances.
  - Water withdrawal.
  - Energy consumption
  - Wastewater discharges.
  - Air emissions.
  - Noises and vibrations.
  - Solid waste generation.
  - Contamination.
  - Other issues that may affect the environment in which the company operates.

Evaluation Methodology

The significance of each environmental aspect is assessed to determine whether it can cause significant environmental impacts.

The significance value of each aspect gives the product of its magnitude by its toxicity, according to the following formula:

$$\boldsymbol{Sig}\ (\%) = \left(\frac{\boldsymbol{60}}{\boldsymbol{100}}\boldsymbol{Mag} * \frac{\boldsymbol{40}}{\boldsymbol{100}}\boldsymbol{Tox}\right) * \boldsymbol{100}$$

Where:

- Mag (magnitude): measure of the volume of the aspect in such a way that the greater the presence of this aspect in the company, the greater the impact generated.
- Tox (toxicity): measure of the toxic influence that an environmental aspect generates on the environment (humans, plants, animals, others).

Once the criteria of each environmental aspect have been evaluated and the defined formula has been applied, the value of the Environmental Aspect is obtained. An aspect will be considered significant or trivial according to this range:

SIGNIFICANT ASPECT: S ≥ 140

TRIVIAL ASPECT: S < 140

At this stage, the organization's Environmental Aspects are clearly differentiated into trivial and significant, and each of them will follow a different process, ensuring an efficient control of the organization's environmental performance.

When the environmental aspect is trivial, it will continue to be monitored to show changes or modifications, but it will not be necessary to treat it, as it is considered an aspect with little effect on the environment.

All environmental aspects that are determined to be significant will be subject to prevention, control and improvement actions and will be a priority for the establishment of environmental objectives.

Results – Significant Aspects

SIGNIFICANT ENVIRONMENTAL ASPECTS	ACTION PLAN/OBJECTIVE	ESTIMATED TIME	RESPONSIBLE	STATUS
Paper consumption.	**Continue to record consumption in the operational control sheet. Continue with training talks on environmental awareness and good practices in paper consumption and digitalization.**	**0 days**	**Responsible for Quality and Environmental Management System.**	**Continue with the good practices already established.**
Generation of hazardous waste such as ink and toner cartridges. Generation of Waste from Electronic and Electrical Equipment. Waste generation of UPS batteries, batteries and fluorescent tubes. Integral management of all solid waste generated in the company.	**Continue the practice of separating waste into containers by color for special waste, paper, plastic and hazardous material. Hazardous materials continue to be sent to the company Tajy Ambiental so that they can be properly managed. The batteries are sold in their entirety to a recycling company and the batteries are taken to MADES or directly to the Tajy company for proper management.**	**0 days**	**Responsible for Quality and Environmental Management System.**	**Continue with the already established practice of sorting waste for recycling and proper disposal. Implement new reuse and recycling programs.**

Table 1. Significant environmental aspects.

Other risks

Fire

Annually, our staff receives training in the correct use of fire extinguishers, first aid and fire evacuation by trained personnel. This is done with the intention of protecting the health of our workers and the infrastructure in case of a possible fire. To date, no fires have been detected in the organization.

Spills of hazardous substances

To reduce the possible contamination of water by possible spills of hazardous substances, we have implemented a spill containment system. Our staff, annually, performs training and containment drills so that they are prepared. To date, no spills have been detected within the organization.

Environment – Solid Waste Management

Since 2017, we have been managing all the solid waste generated in our company. Regarding the year 2021, we managed to reuse and/or recycle 15 kilograms of Styrofoam, 90 units of plastic bottles, 48.4 kilograms of batteries, and 632 kilograms of paper and cardboard. In addition, we correctly managed 284.1 kilograms of metals and 237 kilograms of Waste from Electrical and Electronic Equipment (WEEE).

Type of waste	TOTAL 2021
Styrofoam (kg)	**15**
Metals (kg)	**284.1**
Batteries (kg)	**48.4**
Plastic waste (unit)	**90**
Cardboard and paper (kg)	**632**
WEEE (kg)	**237**

Table 2. Solid waste correctly managed. Year 2021.

Environment - Water, Energy & Greenhouse Gas Emissions

We are aware that in order to reduce the pressure on natural resources it is essential to reduce the use of water and achieve an efficient consumption of energy. We also know that climate change is a global crisis caused by the modification of the characteristics of the atmosphere due to the increase of greenhouse gases emissions by human activities.

Therefore, at Master Soft Paraguay S.R.L. we have been implementing good practices of efficient consumption of all resources for at least 5 years thanks to the international standard of Environmental Management System ISO 14001:2015.

In this section we will be communicating to our customers and the general public the water usage and energy consumption, as well as the greenhouse gas emissions generated by our company. All calculations are based on the *Global Reporting Institute (GRI)* standard.

"Be part of the solution, not part of the pollution"

Data

The data used in this report are the monthly invoices of electricity consumption from the *Administración Nacional de Electricidad* (ANDE), monthly invoices of water use from the *Empresa de Servicios Sanitarios de Paraguay S.A.* (ESSAP), and invoices for fuel consumption from different national companies. The main tool used are Excel spreadsheets.

Energy consumption

For the reporting of energy consumption, we proceeded to use the 302-1 standard for energy consumption within the *Global Reporting Institute (GRI)* organization. Based on this standard, the total consumption of fuels from non-renewable sources must be reported, as well as the total consumption of electricity. In Master Soft Paraguay S.R.L. there is no consumption of fuels from renewable sources (such as biomass) and no energy of any kind is produced or sold.

To compute energy consumption a standard operating system was established where every month when the ANDE invoice arrives at the headquarters, the value of energy use in kilowatt hours (kWh) is added to the Excel file for reporting. The invoice is scanned and uploaded to the company's internal server as proof of consumption.

The reporting periods of ANDE's invoices do not coincide exactly with the reporting period of this report. For example, the first invoice of each year runs from 6 January to 6 February and the last invoice runs until 6 January of the following year. Therefore, an adjustment is made as follows: the average daily energy use is calculated for each monthly bill, and this number is multiplied by the number of days in each month. This method allows obtaining the electricity usage values for each month exactly and also for the 365 days from January 1 to December 31. As the ANDE invoices provide the electricity consumption data in kWh and the standard requests the report in terajoule (TJ), the unit of measurement was

changed using the conversion factor 1 TJ = 277777,777777777778 kWh, this conversion factor is extracted from the *Energy Balance and GHG Inventory Spreadsheet* of the World Bank.

Regarding the accounting of fossil fuel consumption, every time gasoline or diesel is purchased for transportation, the number of liters is added to an Excel spreadsheet for reporting purposes. The invoice is scanned and uploaded to the company's server as proof of consumption. The fuel consumption data provided by the distribution companies are in liters; therefore, conversion of the unit of measurement is necessary for reporting. The default net calorific values (NCV) for converting from units of 10^3 tonnages to units of TJ are taken from the 2006 Intergovernmental Panel on Climate Change (IPCC) guidelines for greenhouse gas inventories. The default value for naphtha is 44.3 TJ/Gg and for diesel is 43 TJ/Gg. In addition, we use density values of 0.74 kg/liter for motor gasoline and 0.832 kg/liter for diesel.

Total energy consumption within the organization corresponds to the sum in TJ of the consumption of non-renewable energy (fossil fuels) and electrical energy consumed.

Energy consumption results

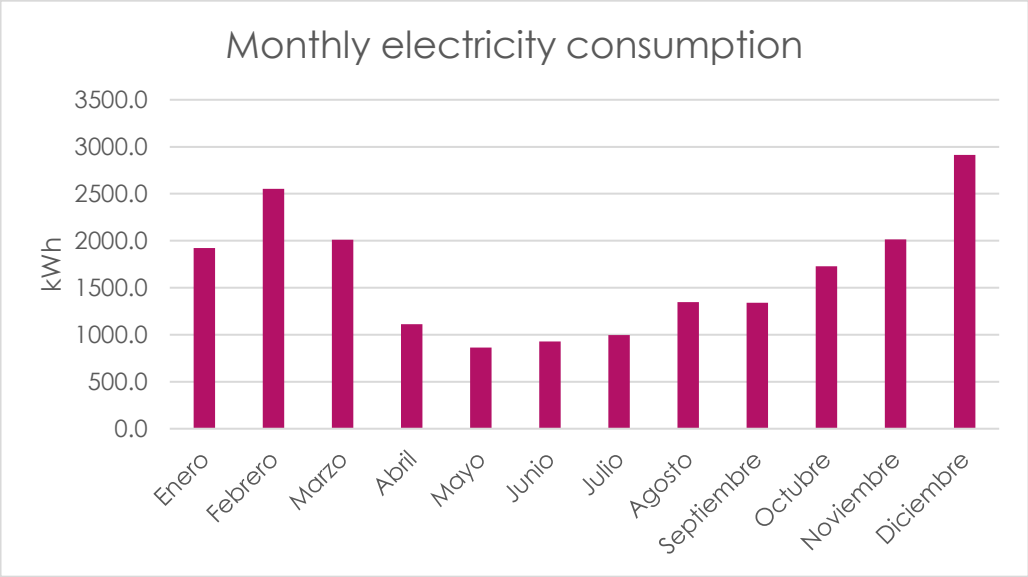

Figure 1. Monthly consumption of electricity from renewable sources. Year 2021.

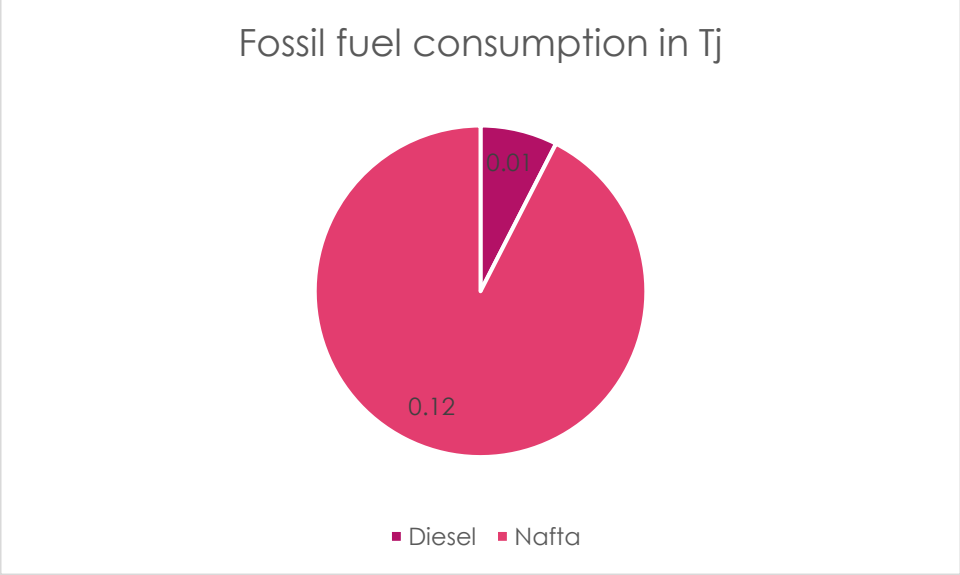

Figure 2. Total consumption of fossil fuels. Year 2021.

Sustainable operations	Unit of measure	FISCAL YEAR 21	Comment
Electricity consumption (total)	**kWh**	**19,951**	**All this electricity comes from renewable sources (hydroelectric power).**
Fossil fuel consumption (Diesel)	**TJ**	**0.01**	**-**
Fossil fuel consumption (Naphtha)	**TJ**	**0.121**	**-**
Fuel consumption from non-renewable sources (fossil fuels)	**TJ**	**0.131**	**Sum of diesel and gasoline consumption**
Consumption of energy from renewable sources (electricity)	**TJ**	**0.071**	**All this electricity comes from renewable sources (hydroelectric power).**
Total energy consumption (total)	**TJ**	**0.202**	**This includes electricity consumption and fossil fuel consumption.**

Table 3. Energy consumption report. Year 2021.

Water withdrawal, consumption, and discharge

Definitions

These definitions were extracted from the GRI Water and Effluents Standard 303.

- Water withdrawal: sum of all water withdrawn from surface water, groundwater, seawater or third parties for any use during the reporting period.

- Water consumption: sum of all water that has been withdrawn and incorporated into any product, used for crop production or generated as waste, evaporated or transpired, or consumed by humans or animals, or polluted to the point that it is unusable for other users and therefore cannot be returned to surface water,

groundwater, seawater, or third-party water during the reporting period.

- Water discharge: sum of effluent, used water, and unused water that is returned to surface water, groundwater, marine, or third-party water that the organization will not reuse during the reporting period.

- Third-party water: municipal water suppliers, municipal wastewater treatment plants, public or private utilities and other organizations involved in the supply, transport, treatment, disposal or use of water and effluent.

- Produced water: water that enters the organization's boundaries as a result of extractions (e.g., crude oil), processing (e.g., sugar cane crushing), or raw material uses and that the organization must manage as a result.

- Surface water: water naturally present on the Earth's surface in the form of ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams.

- Groundwater: water that is stored in an underground formation from which it can be extracted.

- Seawater: water from a sea or ocean.

Water withdrawal

The GRI 303-3 standard on water withdrawal was used to calculate water withdrawal. Water withdrawal refers to the sum of all water withdrawn from surface water, groundwater, seawater, or third-party water for any use during the reporting period.

Master Soft Paraguay S.R.L. only uses water from the public drinking water supply network of Empresa de Servicios Sanitarios del Paraguay S.A. (ESSAP). (ESSAP), therefore, the extraction of water falls into the category of third party water. The water provided by ESSAP is treated fresh surface water from the Paraguay River. Water from this area is not considered a water stress zone according to the World Resources Institute's *Aqueduct Water Risk Atlas*. We do not have artesian wells for groundwater extraction, nor do we have rainwater harvesting methods.

For the calculation of water withdrawal, a standard operating system was established where every month when the ESSAP invoice arrives at the headquarters, the water usage data in m3 is added to the Excel file for reporting. The invoice is scanned and uploaded to the company's internal server as proof of consumption.

The reporting periods of the ESSAP bills do not exactly match the reporting period of this report. For example, the first bill of each year runs from January 6 through February 6 and the last bill runs through January 6 of the following year. Therefore, an adjustment is made in the following way: the average daily water use is calculated for each monthly bill and this figure is multiplied by the number of days in each month. This method allows obtaining the water use values for each month exactly and also for the 365 days from 1 January to 31 December. Since the GRI 303-3 standard establishes that it must be reported in megalitres, the unit of measurement is changed from m3 to litres (1 m3 = 1000 litres) and then from litres to megalitres (1000000 litres = 1 megalitre).

Water withdrawal results

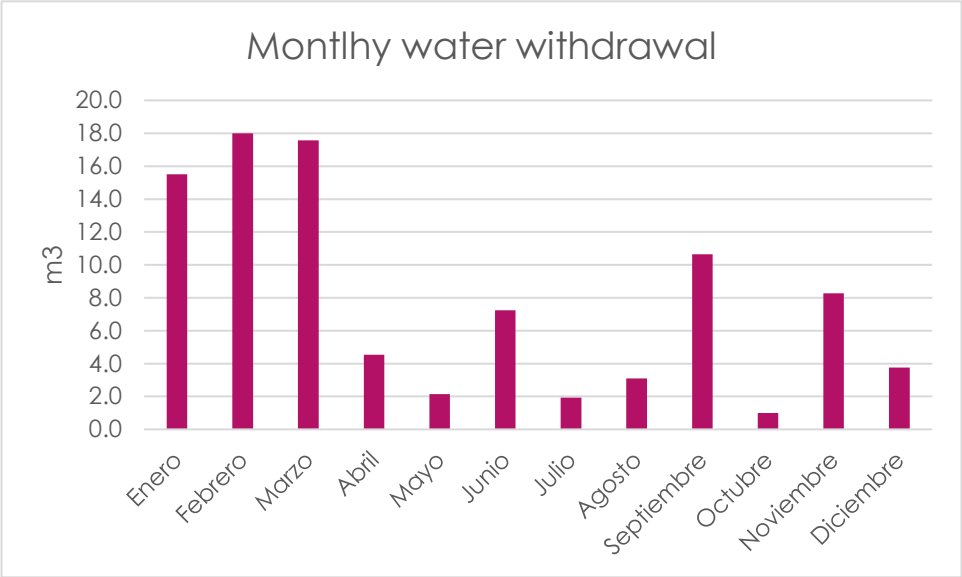

Figure 3. Monthly water withdrawal from the public network (ESSAP).

Water extraction		
Water extraction	**All areas (LC)**	**Water Stressed Areas (ML)**
Surface water (total)	**0**	**0**
Fresh water	**0**	**0**
Other waters	**0**	**0**
Groundwater (total)	**0**	**0**
Fresh water	**0**	**0**
Other waters	**0**	**0**
Sea water (total)	**0**	**0**
Fresh water	**0**	**0**
Other waters	**0**	**0**
Water produced (total)	**0**	**0**
Fresh water	**0**	**0**
Other waters	**0**	**0**
Third party water (total)	**0.094**	**0**
Fresh water	**0.094**	**0**
Other waters	**0**	**0**
Total water abstraction (sum of the total of all of the above)	**0.094**	**0**

Table 4. Water withdrawal in megalitres. Year 2021.

Water discharge

Water discharge is the sum of effluent, used water, and unused water that is returned to surface water, groundwater, seawater, or third-party water that the organization will not reuse during the reporting period. The computation of water discharges is based on the GRI 303-4 water discharge standard.

For the calculation of water discharge, water extraction data from ESSAP is used and the Regulatory Entity of Sanitation Services (ERSSAN) estimates that 80% of the water that enters the company is returned to the sanitary sewerage system. The water discharged into the sanitary sewerage system is treated by ERSSAN, which is a public institution under the Ministry of Public Works and Communications (MOPC). ERSSAN is the institution in charge of carrying out the appropriate treatment of the effluents, which are then returned to the Paraguay River. The level of treatment used is tertiary.

Water discharge results

Water discharges		
Water discharge by destination	**All areas**	**Water stressed areas**
Surface water	**0**	**0**
Groundwater	**0**	**0**
Sea water	**0**	**0**
Third party water (total)	**0.075**	**0**
Third-party water transferred for use by other organizations	**0**	**0**
Total water discharge (sum of all the above)	**0.075**	**0**
Discharge of water by freshwater or other waters	**All areas**	**Water stressed areas**
Fresh water	**0.075**	**0**
Other waters	**0**	**0**
Water discharges by treatment level		
Processing level: Tertiary processing		**0.075**

Table 5. Water discharges. Year 2021.

Water consumption

Water consumption is defined as the sum of all water that has been withdrawn and incorporated into any product, used for crop production or generated as waste, has evaporated or transpired, or has been consumed by humans or animals, or is polluted to the point where it is unusable for other users and cannot be returned to surface water, groundwater, seawater, or third-party water over the reporting period. The GRI 303-5 Water Consumption standard is used to compute water consumption.

At Master Soft Paraguay S.R.L. water is consumed only for human consumption (i.e. for drinking). Therefore, water consumption in the company does not generate any negative impact on the environment. Since we do not have data on how much water each employee consumes per day, the GRI establishes that water consumption can be calculated by making the difference between extraction and discharge, and this is the method used for the calculation.

Water consumption result

Water consumption		
	All areas	Water stress zones
Total water consumption	**0.019**	**0**

Table 6. Water consumption. Year 2021.

Emission of Greenhouse Gases (GHG)

To calculate the company's GHG emissions, we use the Global Reporting Initiative (GRI) 305 standard. Specifically, we use the GRI 305-1 standard for scope 1, which concerns direct emissions, and the GRI 305-2 standard for scope 2, which concerns indirect emissions.

Direct GHG emissions - Scope 1

The company's direct GHG emissions are associated only with road transportation, as we do not generate energy of any kind. In this sense,

every time gasoline or diesel is purchased for transportation, the number of liters is added to an Excel spreadsheet for reporting purposes. The invoice is scanned and uploaded to the company's server as proof of consumption.

To calculate CO2equiv emissions from transport, we use the Tier 1 equation from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Specifically, the one set out in Chapter 3 for mobile combustion, as follows:

$$Emission = \sum_{a} Fuel_a * EF_a$$

Where:
Emisión = CO2e emissions (kg)
$Fuel_a$ = Purchased fuel (TJ)
EF_a= emisión factor (kg/TJ)
a = fuel type (motor gasoline or diesel oil)

Similarly, we use the CO_2 emission factors from the same 2006 IPCC guidelines. We work with two different types of fuels which are motor gasoline (known locally as naphtha) with a default value of 69,300 (kg/TJ) and diesel with a default value of 74,100 kg/TJ. This CO_2 emission factor considers all the carbon in the fuel, including that emitted as CO_2, CH_4, CO, NMVOC and particulates. The default net calorific values (NCVs) for converting from units of 10^3 tonnes to units of terajoules are also taken from the 2006 IPCC guidelines. The default value for motor gasoline (naphtha) is 44.3 TJ/Gg and for diesel is 43 TJ/Gg. In addition, we use density values of 0.74 kg/litre for motor gasoline and 0.832 kg/litre for diesel.

Indirect GHG Emissions - Scope 2

All the electricity used by Master Soft Paraguay S.R.L. comes from renewable sources (hydroelectric energy).

The National Inventory of Greenhouse Gas Emissions establishes that there are no emissions from energy production from hydroelectricity on a national scale. In addition, binational hydroelectric dams do not currently have a CO2eq coefficient for their operations. However, a large body of literature affirms that energy production from hydropower plants has some GHG emissions associated with it. In this sense, the International Hydropower Association (IHA) has carried out an international study in which more than 500 hydropower plants in different climatic regions are analyzed and it is concluded that the average of their emissions is 18.5 gCO2e/kWh generated. Therefore, as there are no national or local values, we use this default emission factor to calculate GHG emissions from electricity generation.

Greenhouse gas emissions results

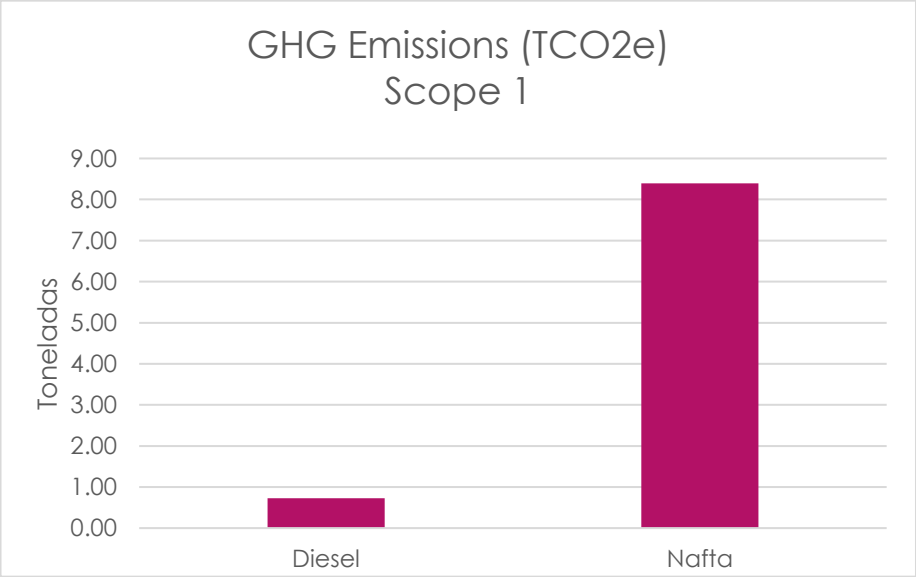

Figure 4. GHG emissions (TCO2e) of Scope 1 from fossil fuel consumption. Year 2021.

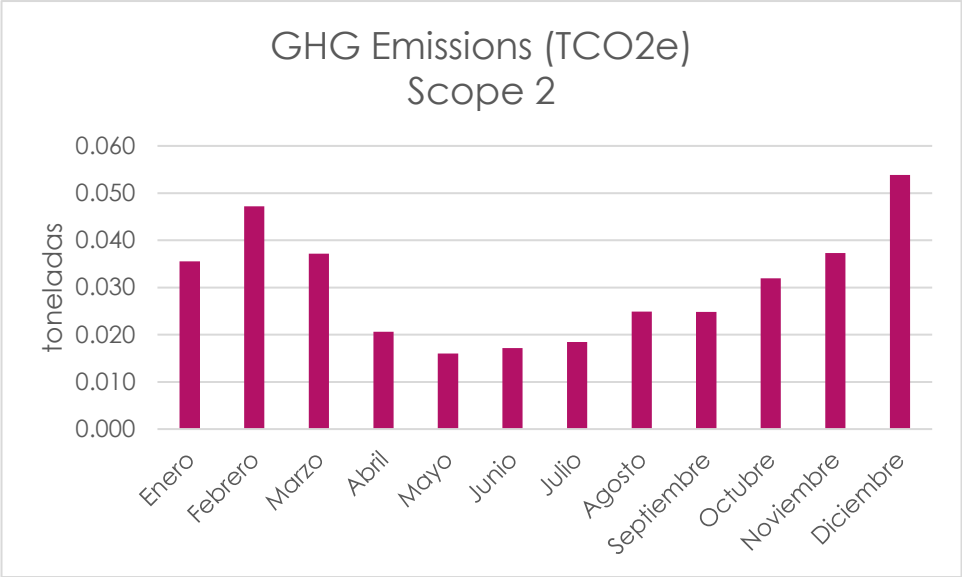

Figure 5. GHG emissions (TCO2e) of Scope 2 from electricity use. Year 2021.

Sustainable operations	Unit of measure	FISCAL YEAR 21	Comment
Scope 1 GHG emissions	**MTCO2e**	**9.12**	**Direct emissions (transport) Equation and emission factors from the 2006 IPCC Guidelines for National GHG Inventories**
Scope 2 GHG emissions	**MTCO2e**	**0.365**	**GHG emissions from hydropower generation -18.5 CO2e/kWh according to the International Hydropower Association.**

Table 6. GHG emissions results for Scope 1 and 2.

Verification

The system of identification and evaluation of environmental aspects and the identification of risks with their respective action plans are evaluated by an external international consultant specialized in environmental management systems.

All recycling calculations and correct solid waste management are evaluated by an external international consultant specialized in environmental management systems.

All calculations of water, energy and greenhouse gas emissions made by our company were verified and validated by an external international consultant expert in the subject based on the *Global Reporting Institute (GRI)* standard.