



Consolidated Non-financial Report for 2017

ASBISc Enterprises Plc

Limassol, Cyprus, 30th June 2018

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Letter from the CEO

Corporate social responsibility is important for ASBIS.

Dear Stakeholders,

It is with a great pleasure that I present you with ASBIS first Consolidated Non-financial Report.

Corporate social responsibility (CSR) has always been important for ASBIS, not only at the level of Board of Directors, but also for our employees. We all believe that accountable, transparent and responsible business behavior is the key to ASBIS' sustainable growth.

Although over the past several years market shifts and geopolitical issues have focused the Board of Directors' attention to risk management and counteractive measures, this is now changing. ASBIS is now in a desired place, with strong emerging markets of EMEA presence, well-thought product offering and strong relations with vendors and suppliers.

Our first Non-financial Report is thus an important step for ASBIS and underpins our open communication with all our stakeholders. However, this is just the beginning for us. We have initiated a sizeable project aimed at adopting global policies in relation to ethics code, code of conduct for our suppliers and business partners, diversity, antibribery and anticorruption rules on top of

formalization of HR policies. Within a year's time we should not only have them prepared but also implemented on the level of whole ASBIS Group.

We are convinced that the long-term success of our Company can be strengthened by sustainability and social responsibility measures. As a result, we endeavor to reinforce the integration of such measures into our corporate goals. We will continue to increase our environmental consciousness to limit our impact despite plans to grow our business.

All these measures, should allow ASBIS to remain a credible partner for all our stakeholders.

Siarhei Kostevitch

Chairman & CEO

■ **KEY 2017 NON-FINANCIAL INDICATORS** ■

33,000 active customers
in **60** countries

subsidiaries in
24 countries

1,249
employees

4 key regions
of operations

2 distribution centers

4 executive members
and
2 non-executive members
in Board of Directors

15,000+
products in the offering

3 private label brands

About the Report

ASBIS first Consolidated Non-financial Report.

This Non-financial Report has been prepared by ASBIS based on 2017 data for the whole Group. The report also encompasses comparable consolidated data for 2016.

As ASBIS' shares are listed on the Warsaw Stock Exchange in Poland, the Report has been created in accordance with the Polish Bill of Accounting (which implements the 2014/95/EU Directive into Polish law) requirements. The report has been prepared on the Group level, as on the consolidated level ASBIS meets the criteria of article 55.2b. Both in 2016 and in 2017 the Group employed more than 500 employees on average, its assets exceeded PLN 102m and turnover exceeded PLN 204m.

Similar disclosure requirements have also been implemented in Cyprus, where ASBIS headquarters are located. On 2 June 2017 amendment to the Companies Law came into force. The purpose was to harmonize national legislation with the European Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. Non-financial statements are required to be prepared by public interest entities whose average number of employees during the financial year exceeds 500

or parent companies of the groups, whose average number of employees on a consolidated basis exceeds 500. Large company is a company which on its balance sheet date exceeds at least two of the following three criteria: balance sheet total of EUR 20m, net turnover of EUR 40m and average number of employees during the year of 250.

The Report has been prepared based on policies present in the Group, both formal and informal ones (which are in the process of being standardized). Creation of this Report had been preceded by a stakeholder analysis and a survey that supported materiality study.

The Report has been prepared based on the Company's experiences and the Board of Directors' materiality assessment. The Company has not applied any international metrics while preparing the Report. The Report has been created with due diligence and care, yet it has not been audited by any external party.

We want to be transparent to all our stakeholders.

Business model

ASBIS is a leading IT partner in emerging markets of EMEA.

OVERVIEW

ASBISc Enterprises Plc ("ASBIS") is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis.

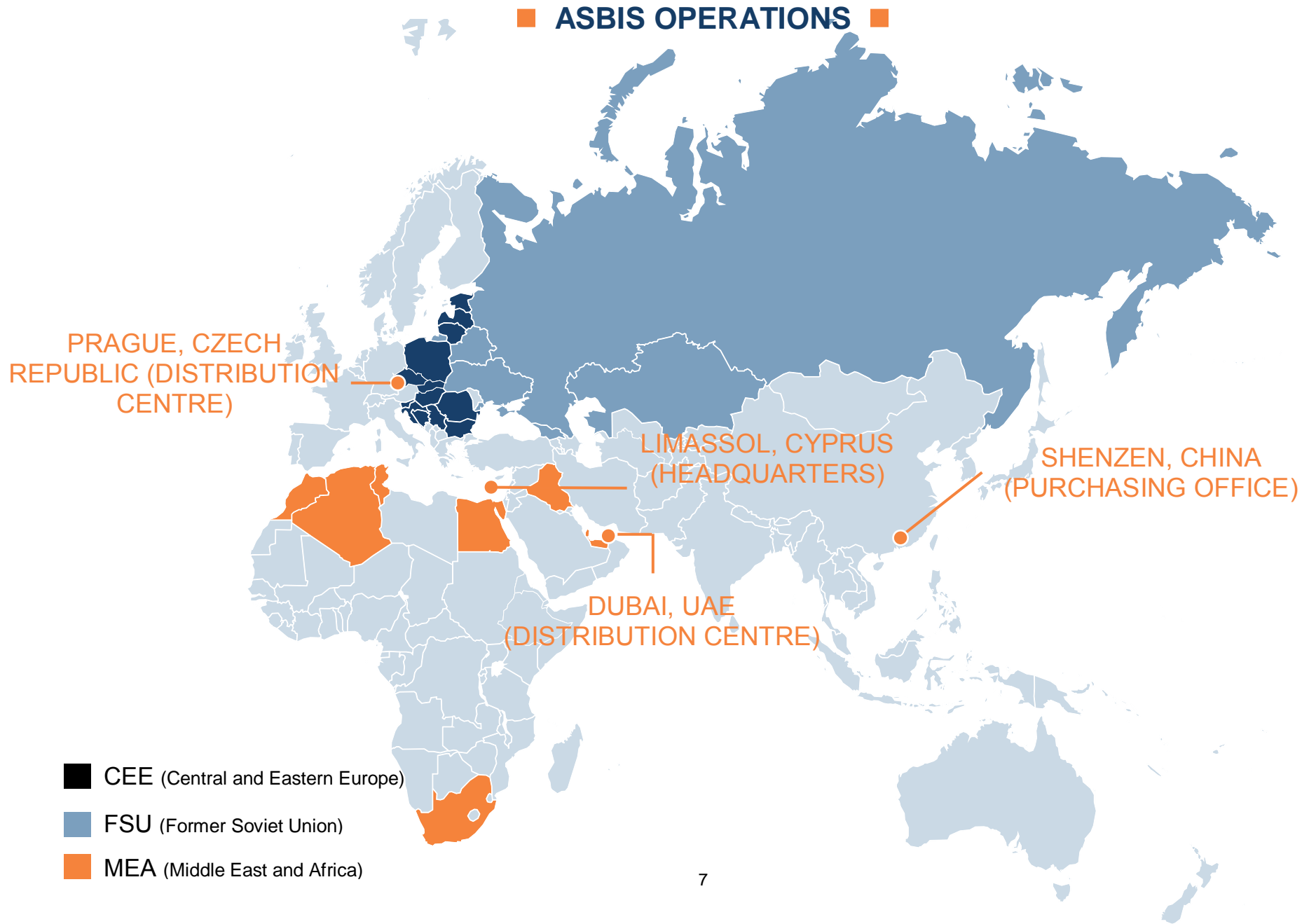
Our main focus is on the following countries: Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e. United Arab Emirates, KSA, Qatar and other Gulf states), Russia, Belarus, Kazakhstan and Ukraine.

The Group distributes IT components to assemblers, system integrators, local brands and retail as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase the majority of our products from leading international manufacturers, including Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft,

Toshiba, Dell, Acer, Lenovo and Hitachi. In addition, an important part of our revenue is comprised of sales of IT products and mobile devices under our private labels, Prestigio and Canyon. In 2H18 we will introduce the third private label – Perenio, which was registered in 2017.

ASBIS commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cypriot headquarters support, through two master distribution centers (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 24 countries. This network supplies products to the Group's in-country operations and directly to its customers in approximately 60 countries.

**ASBIS:
a one-stop shop**



MISSION AND VISION

Mission and vision of ASBIS are the guidelines by which the Board of Directors looks at the Company

and conducts business. These are communicated to employees and now to stakeholders.

■ ASBIS MISSION AND VISION ■



ASBIS = international offices + local experience

VALUE CHAIN

The value chain starts with the end-customer whose purchases ASBIS aims to forecast. We thus analyze market trends, evaluate potential demand and look for profit opportunities. Based on our analysis, we later on select products and products groups that will be distributed and sold. Product offering is adjusted according to market changes and profit it generates. Then the Company creates a strategy to develop certain product groups and customer demands. In 2017, we had c.432 ths active articles in our offer versus c.412 ths in 2016.

While setting the product offering, we co-operate with our suppliers. In 2016 we had 1,077 of these, while the number shrank to 1,069 in 2017. We have long-terms relations with our suppliers based on mutual trust and understanding of mutual needs and constraints. Most of these are large international companies. We strive to provide our suppliers full visibility by reporting to them crucial information on a daily/weekly basis, including stock levels, sales-out reports by country, thus assisting them in monitoring customer demand and allowing them time to comprehend and react to specific market peculiarities, trends and dynamics. In 2017, a significant portion of our revenues was generated from ten biggest suppliers. However, the Board of Directors believes that we place no reliance on anyone of our suppliers since we carry for every product category a wide portfolio of brands. Our supplier list is stable yet not closed

and we choose new suppliers based on the market trend demands.

Placing an order depends on the supplier: it can be done via our supplier on-line system or email. We operate a system of centralized purchasing through our headquarters in Limassol, Cyprus, however we also possess a purchasing office in China. Country managers communicate expected sales levels and targets, analyzed by product lines and suppliers, to our product line managers who then identify purchasing requirements for the forthcoming three weeks and in turn forward this information to vice president of product marketing who verifies and, upon agreement, consolidates the information. Information is then presented to the management, holding weekly meetings to review and approve requirements.

Suppliers deliver goods to one of 2 our distribution centers (Prague and Dubai). The facility in Prague is responsible for distribution across whole Europe; Dubai serves our operations in the Middle East and Africa and certain Central Asian countries. Our facility center in Prague is leased (total area of 5,048m, out of which warehouse is 4,473m²). The center in Dubai is owned and is a larger one (7,025m² out of which warehouse occupies 6,475m²). We strive to keep our stock, including stock in transit, for our main product lines at a level of four weeks of sales revenues, and to cover four to five weeks of sales revenues for other product lines in order to ensure adequate supply, while

Our strength lies in a broad local presence and an in-depth knowledge and understanding of fast-growing markets with diverse cultural, linguistic and legal landscape.

reducing the length of time over which we hold our inventory at our warehouses.

Having purchased the goods, we act as a non-exclusive distributor. We are responsible for promoting, marketing, advertising, selling, and providing training and after-sales support for each supplier's products in the respective markets. A monitoring mechanism is established by the suppliers to ensure that minimum sales targets are met, pursuant to which we are responsible for providing our suppliers with various reports, including weekly inventory reports and monthly point of sales reports. The aim of ASBIS is to be one of the top distributors for every supplier to get most of the supplier's support.

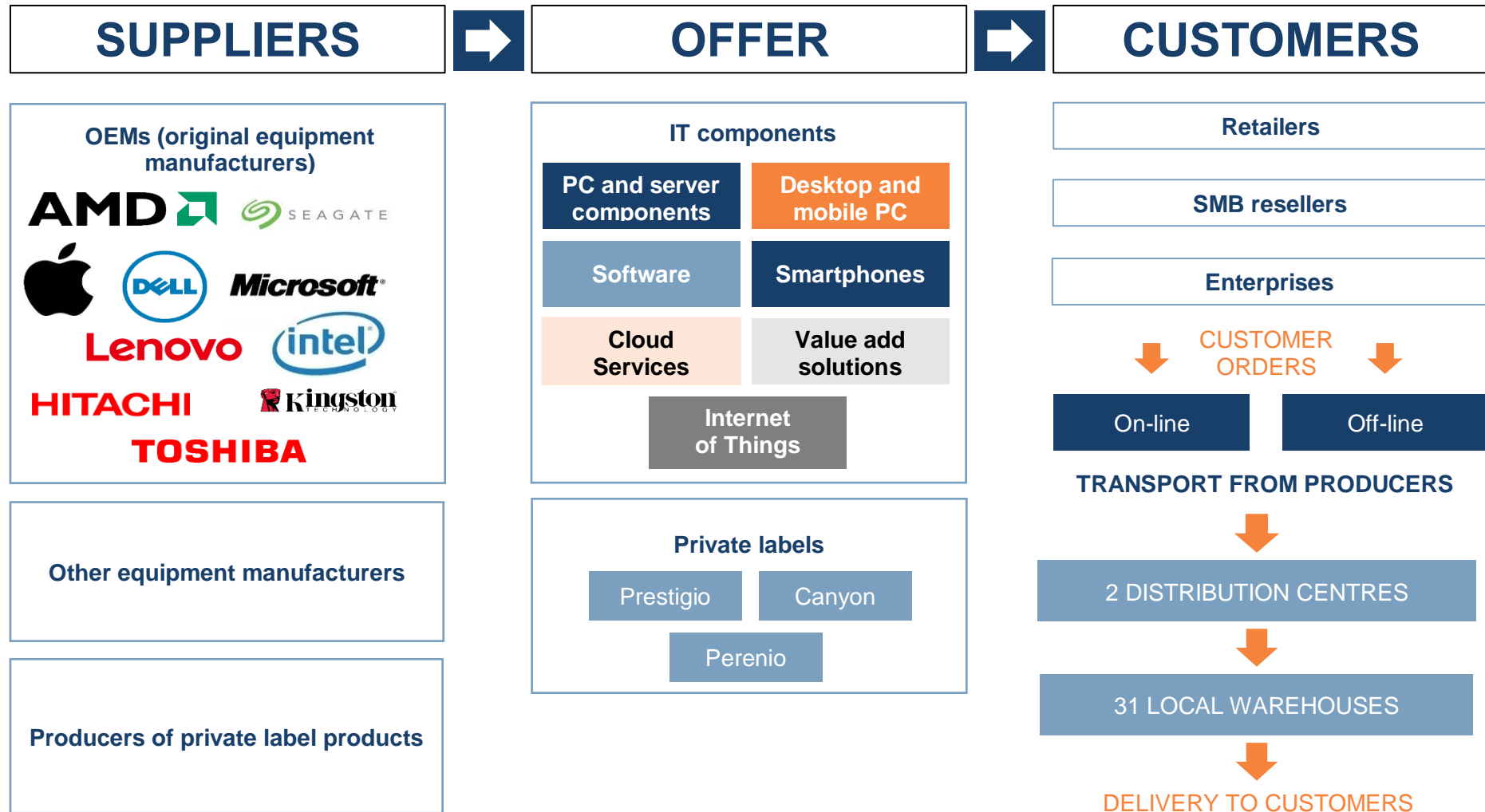
We order large volumes of products to benefit from economies of scale and resell these at competitive prices to our customers. Our active customers (29,500 in 2016 and 33,000 in 2017) can place orders via our IT platform which is called IT4Profit and by telephone call or email. Our IT platform allows not only electronic trading with customers but also data exchange between the parent company and its subsidiaries. In all regions we cooperate both with large enterprises and mid-size companies. In all regions we are looking for well-established companies with proven products and business models. Our clients are in vast majority corporates. These include a broad range of corporate clients: system integrators, resellers (including value added resellers, SMB resellers),

retail companies, PC assemblers, service centers and telecom companies.

Once a customer files the order, we have to deliver it. We operate through 31 local offices in 24 countries. Customer orders are mainly served through the supply of local offices, and in the event that local inventory levels are insufficient, additional inventory is drawn from one of the two distribution centers. Each local office operates its own logistics function and is responsible for direct shipments to its customers. Our headquarters monitor and assess the performance of each local logistics center by using a number of key performance indicators, including transit time of incoming shipments, order fulfilment, (such as pick, pack and ship time and the percentage of orders shipped to commitment by date and time), on-time delivery, transport, cost per kilogram shipped and cycle count performance. We know average time of delivering an order is important for our customers. Thus, we aim to minimize this. In 2017 the average time of conducting and order fell by 13% YoY, from 15 hours in 2016 to 13 hours in 2017.

Lead time depends on supplier's stock location and way of delivery. It can vary from several days to 2-3 months. Same applies for own brands as well. Sale to the end customer is conducted by ASBIS' business partners.

■ ASBIS VALUE CHAIN ■



ASBIS is a profitable company, flexibly adjusting to market trends.

KEY FINANCIAL DATA

ASBIS has a history of profitable growth which is proved by strong 2017 numbers.

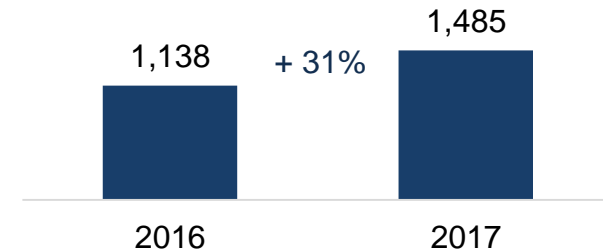
The Company has been able to achieve this, despite a vast international presence in the emerging markets of the EMEA region and some market turbulences in the past, due to:

- a well suited strategy,
- flexibility and ability to adjust to changing market conditions,
- strong and effective risks control,
- long-term relationships with suppliers,
- strong relationships with vendors.

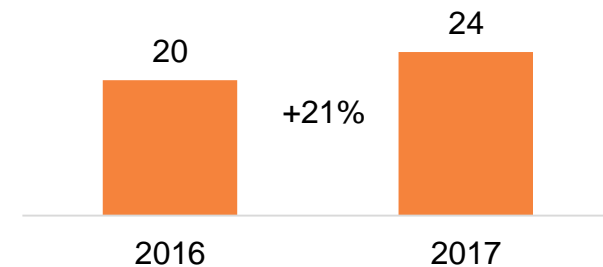
The largest region for ASBIS is the FSU (Former Soviet Union) reaching almost half of our revenues in 2017, while the second is the CEE (Central and Eastern Europe). The third largest is the MEA (Middle East and Africa) region leaving the fourth place for Western Europe (WE).

The IT distribution business is characterized by relatively low margins. In 2017 our gross profit margin reached 5.2% (versus 5.75% in 2016). We try to maintain these despite competitive environment by focusing on value added distribution and going into markets where we have a competitive advantage.

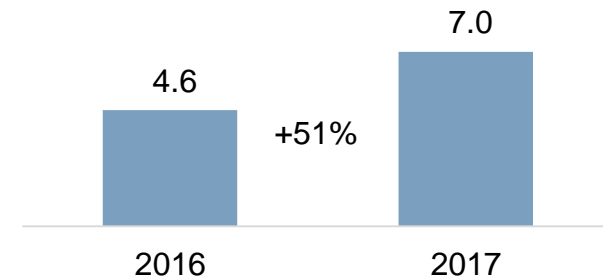
REVENUES (US\$ m)



EBIT (US\$ m)



NET INCOME (US\$ m)



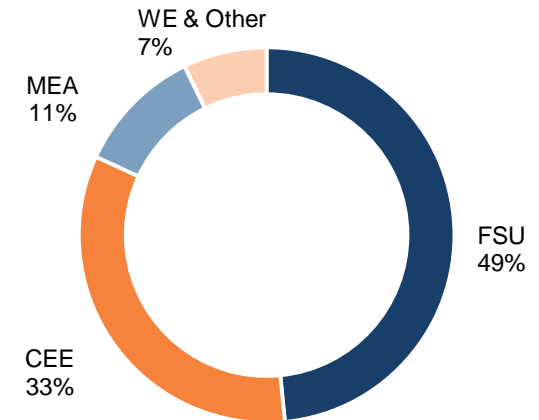
We share our profits.

We thus need to balance our growth with gross margin development as well as with the growth of operating costs. The latter include among others selling and logistics costs as well as employee expenses. In 2017, our EBIT margin reached 1.6% compared to 1.8% in 2016.

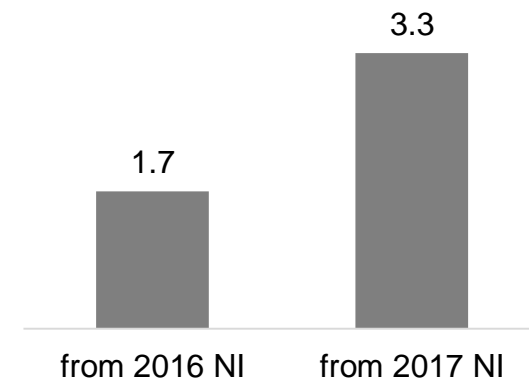
Due to the strong standing of the Company, ASBIS does not use equity financing and finances its growth via debt and factoring. Overall, in 2017 our net margin reached 0.5% (versus 0.4% in 2016).

ASBIS is also a dividend paying company. Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. We paid out US\$ 3.3m in dividend from 2017 earnings (in June 2018) which constituted a 100% YoY increase compared to the previous year.

REVENUES (US\$ m)



DIVIDEND PAYMENTS (US\$ m)



KEY AWARDS AND ACHIEVEMENTS IN 2016-2017

ASBIS obtained many awards over the past years. We were distinguished by our business partners and independent rating agencies for the

quality of business that we run. Below we present selected awards from 2017 and comparable period.

Date	Award details	Date	Award details
March 2016	ASBIS acknowledged as a 'Distributor of the Year' across the Middle East and North Africa region at ECA 2016 awards	March 2017	ASBIS Slovakia was named "Value Added Distributor of the Year 2016" based on the results of the Channel World magazine' survey
April 2016	ASBIS Middle East wins "IT Distributor of the Year (Broadline)" and personal "Channel Executive of the Year" awards	April 2017	ASBIS wins Intel's recognition for the highest achievement in Intel SSD business. Intel Corporation awards ASBIS for the highest year-on-year growth in NSG segment
May 2016	ASBIS wins recognition from AOC for "contribution towards growing the AOC brand" in North Africa	May 2017	ASBIS Middle East yields three prestigious channel awards: "IT Distributor of the Year" (Broad line products), "Mobility Distributor of the Year" and "Specialized Distributor of the Year" awards
June 2016	ASBIS Middle East was selected as the industry's best "Broadline Distributor of 2016" at TP-LINK ConneXion 2016	June 2017	Lenovo announces ASBIS Slovakia its "Top Distributor FY16/17". Holding solid position in the distribution of Lenovo portfolio on the national market, ASBIS Slovakia achieves vendor's recognition for the 5th year running
November 2016	ESET recognizes ASBIS Slovakia the best distributor of 2016	July 2017	ASBIS Slovakia receives "IBM HW Distributor of the Year 2016" award. IBM has been acknowledging the distribution excellence of ASBIS Slovakia for more than ten years

Corporate governance

We follow corporate governance rules.

ASBIS' shares are listed on the Warsaw Stock Exchange (WSE) in Poland, on the main market. We follow and comply with the rules that are prevailing on our main listing place, i.e. the Code of Best Practices of WSE (issued in 2016) which was approved by ASBIS' Board of Directors. Each year together with its annual report the Company files a statement of compliance. If any rules are not followed, these must be communicated and explained (following the "comply or explain rule").

Although our listing takes place in Warsaw where civil law prevails, the corporate rules and corporate structure originate from Cyprus, where we are incorporated and where common law prevails. We thus operate based on publically available documents, which were filed with the Registrar of Companies in Cyprus. These are:

- Memorandum of Association – which contains fundamental conditions based on which we are allowed to operate,
- Articles of Association – which defines the responsibilities of directors, the kind of business to be undertaken and ways in which shareholders can influence the Board of Directors.

The Company is governed by a Board of Directors (BoD) which consists of both executive directors (EDs) and non-executive directors (NEDs), all managed by the CEO (Chief Executive Officer). The aim of executive directors is to set the strategy of the Company and to manage the Company by supervising managers, assuring financing is available and managing risk. The role of non-executive directors is to supervise the way the executive directors perform their duties, to scrutinize the performance of BoD and constructively challenge its decisions.

The management of the business and the conduct of the affairs of the Company are vested in the directors. The Board of Directors should maintain a healthy system of internal controls in order to safeguard shareholders' investments and the Company's assets. The Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Board of Directors performs their work on a permanent basis. However, one third of directors should retire every year by rotation. We have six directors (four are executive and two non-executive). So, two (or more) directors need to retire and be re-elected every year.

The Board of Directors is appointed by the General Meeting of Shareholders which takes place at least annually. The annual general meeting approves the financial statements of the Company, distribution of profits (dividend) and discharges the Board of Directors members from their liabilities related to former year performance, elects directors in place of those retiring, appoints them and sets the remuneration of auditors. Other general meetings are extraordinary meetings taking place on special occasions.

An annual general meeting, and a meeting for the passing of a special resolution, shall be called by at least twenty one days' notice in writing, and all other meetings shall be called by at least fourteen days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. It shall specify the place, the day and the hour of meeting and in cases of special business, the general nature of that business. The Company's articles of association do not provide for general meetings to be held outside Cyprus.

The largest shareholder in the Company is its founder and the CEO, Siarhei Kostevitch. He controls the Company having effectively an almost 37% stake. The management is also a shareholder in ASBIS. Three remaining executive directors hold combined a c.2% stake. As of the day of publication of this report, the Company has one mutual fund above the 5% reporting hurdle. As a result, ASBIS has a sizeable free float of c.58%.

Each share confers the right to cast one vote. Each shareholder is entitled to attend the meeting, to address the meeting, and, if voting rights accrue to him or her, to exercise such voting rights. Shareholders may attend meetings in person or be represented by a proxy authorized in writing. No special rights attach to any specific shares and there are no different classes of shares.

**There is an Audit Committee
and a Remuneration
Committee at ASBIS.**

There is both an Audit Committee and a Remuneration Committee at ASBIS. The Audit Committee consists of the two NEDs and one executive director (the CFO of the Group) who is an attending member. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The Audit Committee meets at least once a year with the auditors.

The Remuneration Committee encompasses the two NEDs and an executive director (the CEO) who is an attending member. It sets and reviews the scale and structure of the executive directors' remuneration packages, including share options and terms of their service contracts. The remuneration and the terms and conditions of the non-executive directors are determined by the directors with due regard to the interests of the shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees.

According to Articles of Association, remuneration of the directors will be determined in general meetings on the recommendation of the Remuneration Committee. Any director performing special or extraordinary services in the conduct of the Company's business or in discharge of his duties as director, or who travels or resides abroad

in discharge of his duties as director may be paid such extra remuneration as determined by the directors, upon recommendation by the Remuneration Committee. In addition, directors will be paid their travelling, hotel and incidental expenses properly incurred in the conduct of the Company's business or in the discharge of their duties as directors.

Audit Committee
deals with external auditors

Remuneration Committee
assures a fair remuneration
for the directors

■ CORPORATE GOVERNANCE ■

SHAREHOLDERS' MEETING (gathers at least once a year)

- approves the annual financial statements of the Company,
- decides on profit distribution (dividend),
- appoints Board of Directors (both executive and non-executive members)

CEO & Founder	36.83%
Noble Funds TFI	5.16%
Treasury shares	0.02%
Free-float	57.98%

TOTAL	100%
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APPOINTS

BOARD OF DIRECTORS (consists of at least 3 directors)

- Executive Members**
- set the strategy for the Company,
 - supervise all the key elements of the Company's business: operations, finance, risk, plans
-
- Non-executive members**
- supervise the decisions taken by the executive directors, support the Company with their experience and independent judgement

Executives	Siarhei Kostevitch Chairman. Chief Executive Officer
	Mario Christou Chief Financial Officer
	Constantinos Tziamalis Director of Credit and Investor Relations
	Yuri Ulasovich Director, Chief Operating Officer
Non-executives	Demos Demou Non-executive Officer
	Chris Pavlou Non-executive Officer

Please note that contrary to other data shown in this Report, the shareholder structure is presented as of the day of the Report publication.

Stakeholders

All stakeholders are important to ASBIS.

All stakeholders are important to ASBIS, thus while preparing our first Non-financial Report, we conducted a thorough analysis of our stakeholders.

The stakeholder groups were selected based on several criteria. First, based on whether they are external or internal to the Company. Secondly, we looked at their interest in the Company, whether they contact us regularly and what type of information they seek. Thirdly, we analyzed the impact they have on our Company. Fourthly, we analyzed what impact we have on them.

As a result, we have selected seven groups of stakeholders: capital market participants (analysts and investors) and financing institutions (banks, insurers, factoring companies), employees, local societies, end customers, suppliers and service providers, business partners as well as the governing and public institutions.

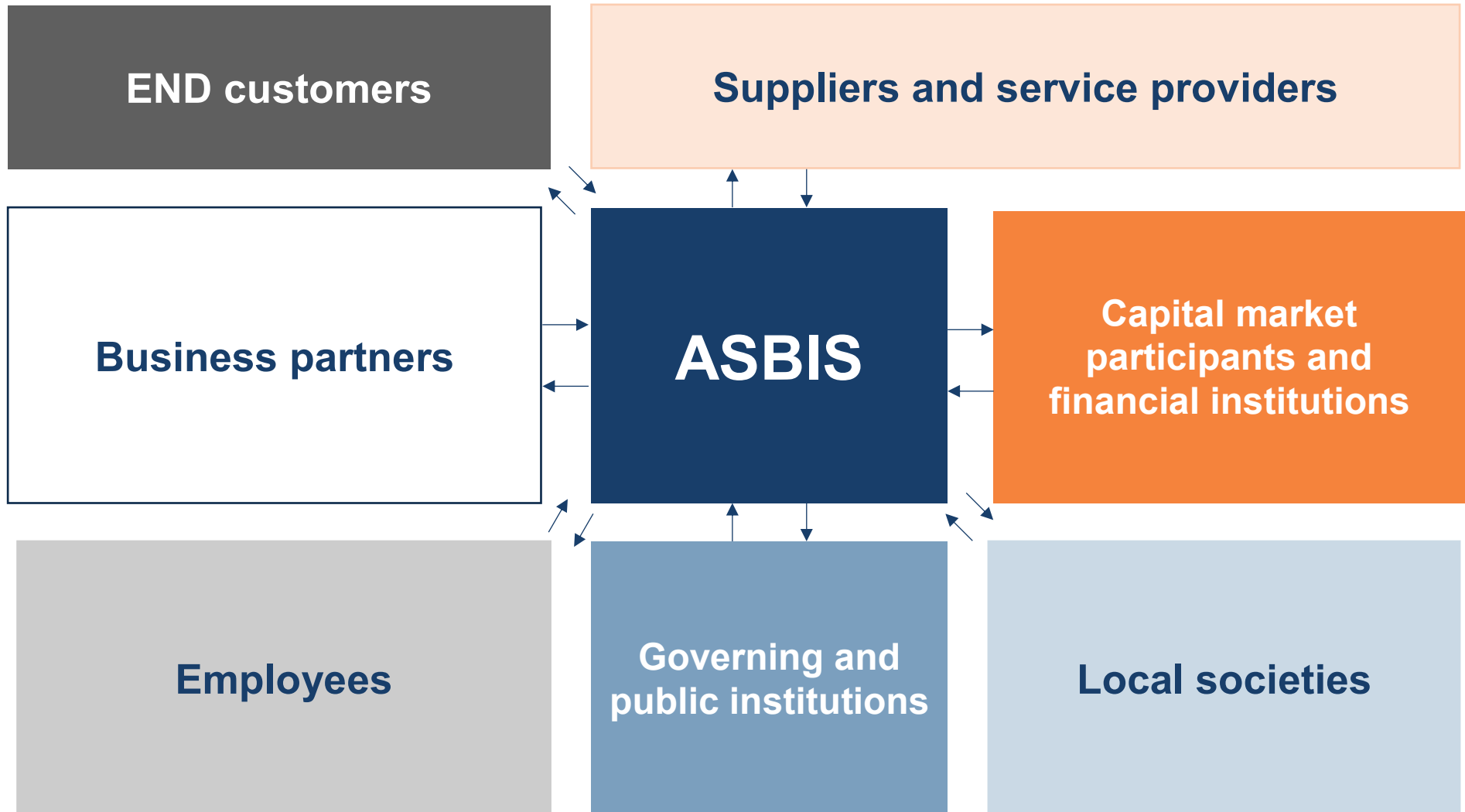
For each of the groups, we have identified the most important issues and ways of engagement as well as actions taken for this group. These are presented in the table below.

On top, in order to make sure that the Company understands the needs and expectations of its

stakeholders, ASBIS has conducted a stakeholder survey among selected groups. The results of this survey are of high importance to us. These have not only helped us in establishing material issues for the purpose of this Report but have shown us where to focus for the future. The survey revealed that our actions aimed at formalizing and scrutinizing our policies are a move in the right direction.

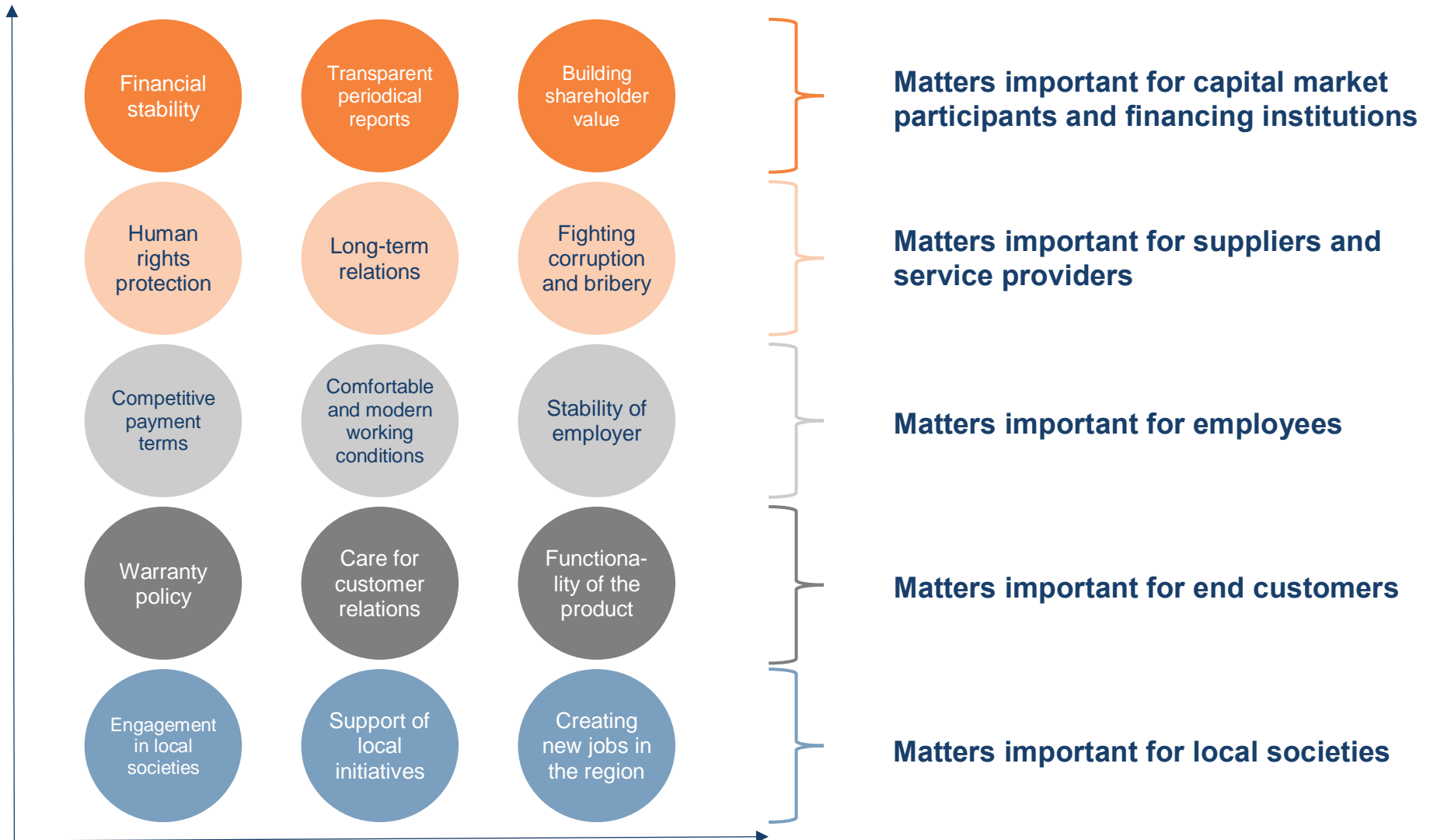
We have identified
7
stakeholder groups

■ ASBIS STAKEHOLDERS ■



	Capital market participants and financial institutions	Suppliers and service providers	End-customers	Business partners	Employees	Governing and public institutions	Local societies
Who are they?	<p>This is a varied group of stakeholders. Capital market participants include: analyst issuing recommendations for ASBIS, institutional investors (mutual funds and pension funds, Polish and international ones) and individual investors. Financial institutions include insurers, banks as well as factoring companies.</p>	<p>Suppliers are companies from which we source goods that we resell later. We co-operate with suppliers who produce for us our private label products as well as with suppliers from which we obtain third party goods, e.g. OEM (original equipment manufacturers). Service providers include logistics operators that transport the goods from our distribution centers to our customers.</p>	<p>People who ultimately use the products that we are selling, both our private labels as well as the third party hardware and software.</p>	<p>Business partners other than our suppliers are vendors/resellers to whom we sell our goods, large retail networks to which we also deliver our products as well as enterprises.</p>	<p>These are a diverse group, as ASBIS' operations are conducted in 4 region of the EMEA markets. On top, the Group's employees have different functions, ranging from administration and finance, to logistics and management, marketing and sales.</p>	<p>The governing bodies and public institutions are an important stakeholder of ASBIS. These include not only institutions based in Cyprus, where the headquarters are located, but in each of the countries present and especially in Poland (in Warsaw), where ASBIS' shares are listed.</p>	<p>Local societies for ASBIS are located in Cyprus, i.e. where the Company's headquarters are situated. We treat families of our employees as our local stakeholders.</p>
Why are they important to us?	<p>Shareholders (investors) are the owners of our Company. Analysts issue reports and value our Company, while financing institutions support our development by financing part of our undertakings and insuring our receivables.</p>	<p>Suppliers are an important part of our value chain. From our suppliers we can obtain products that we later sell and resell which are key to our business and can constitute our competitive advantage. Service providers deliver the products to business partners and end-customers.</p>	<p>Foreseeing and meeting the needs and wishes of end-customers is key to ASBIS business model and well-being.</p>	<p>Thanks to business partners ASBIS can exist. These are the entities to which we sell goods and products.</p>	<p>The Group's employees are the most important internal stakeholders. ASBIS operates mostly thanks to them.</p>	<p>ASBIS is a transparent Company, abiding the laws in each of the countries of operations. Proper relations with all institutions in all countries are key to ASBIS' well-being.</p>	<p>People working and living close to Limassol and on Cyprus as well as their families.</p>
How do we engage?	<p>Building the Company's value is a priority to the Board of Directors and is a key factor while deciding on taking on new projects. The Board of Directors is focused on transparency in its relations with the stakeholders. Each quarter ASBIS prepares a comprehensive financial report together with management's analysis. There is a meeting in Warsaw (place of listing) after each quarterly numbers publication, during which top executives present key developments and the Company's outlook for the next quarters. ASBIS also participates in investors' conferences, where one-on-one and group meetings are held. The Board of Directors is responsive to the needs of shareholders, e.g. over a year ago ASBIS introduced a policy of reporting monthly sales data via a current report. Top executives also provide all necessary information to financing institutions and conduct one-on-one meetings.</p>	<p>ASBIS focuses on long-term relations with its suppliers, based on mutual trust, respect and understanding of one another's needs and constraints. Seeing that fighting bribery and corruption as well as HR policies are important, we are in the process of formalizing our global policies in these matters.</p>	<p>End-customer satisfaction is of high importance to ASBIS. We focus our actions so that we deliver the best possible products for the best possible price. Thus, we focus on the quality of products and minimization of warranties. Should these materialize, we aim for the warranty process to be as smooth as possible (we have an influence on this in case of our private labels). We believe that by selling better quality products we protect the environment as we limit electronic waste.</p>	<p>The Group maintains long-term relationships with all key vendors, resellers and retail networks in all the regions of its operations.</p>	<p>ASBIS' management team is focused on providing best possible conditions to its employees. The managers run an open dialog, monitor the performance regularly and give constructive feedback. We also offer development possibilities and market remuneration supplemented by perks.</p>	<p>The Company pays all due taxes and social payments and provides all necessary reports describing its operations. This first non-financial report is an example of ASBIS' transparent and outgoing approach.</p>	<p>ASBIS is an important employer in the Limassol region in Cyprus. Families of our employees benefit from the stable employment and good working conditions that we provide. Each year ASBIS also donates money to charities, supporting orphanages and sponsoring the Cyprus football team.</p>
What matters are the most important for them?	<p>Building shareholder value, transparent periodical reports, financial stability, detailed presentations, proper risk management (inventory, FX, credit), increase in revenue and earnings, fighting corruption and bribery, stability of the management and regular meetings with the management.</p>	<p>Fighting corruption and bribery, long-term relations, human rights protection, fair treatment of employees, transparency of contracting process, environmental protection measures, timely payments, transparent criteria of suppliers' assessment, waste management procedures.</p>	<p>Functionality of the product, care for customer relations, warranty policy for the product, quality of the product, price to quality ratio, price, durability and design of the product.</p>	<p>Long-term relations, timely payments, transparent assessment criteria, favourable co-operation terms.</p>	<p>Stability of employer, comfortable and modern working conditions, competitive payment terms, training and development opportunities, additional perks and benefits, safety of working conditions, transparent career path, protection of human rights along the supply chain.</p>	<p>Abiding all laws, paying all due taxes, increasing employment, paying salaries and social security on time, safe working conditions.</p>	<p>Creating new jobs in the region, support of local initiatives, engagement in local societies, being an important employer in the region, conducting investment in the region impact on the environment.</p>

ASBIS STAKEHOLDER SURVEY



Policies related to social and employee matters

We care for every our employee.

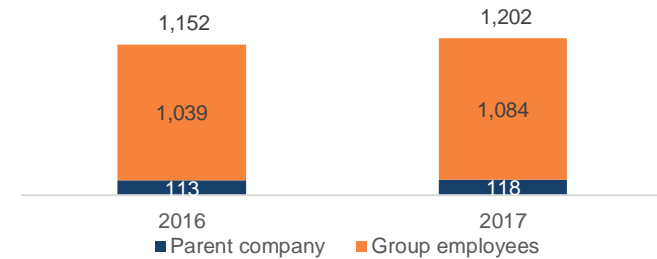
We recognize that our employees are our most important stakeholders. We care both for the employee as well as for broader social issues.

EMPLOYEE MATTERS

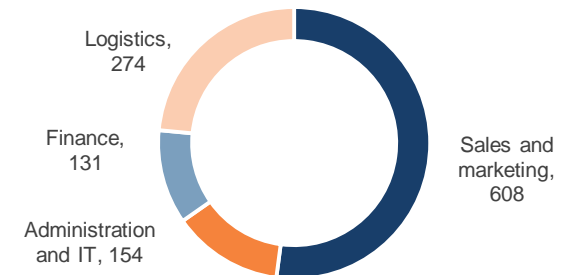
Each employee is important for us and everyone has equal chances, rights and obligations. We want everyone regardless of their age, sex, ethnic origins, physical abilities, family status or beliefs felt welcome at ASBIS. It is a challenge as ASBIS operates in 60 countries and had subsidiaries and employees in 24 of them at the end of 2017. Countries we operate fall in different regions with different cultures and religions. Only some 10% of our employees work for the parent company, with the balance working for subsidiaries. At the end of 2017, we employed 1,249 people, up 7% YoY.

ASBIS is in the process of formalizing its policies relating to employment, which should be implemented within a year's time. Our new HR management policy will be a comprehensive one and will include guidelines for the whole Group regarding: the hiring process, training, development, motivation, engagement, promotions, remuneration, administration and HR branding. It will also include such important topics like diversity and anti-mobbing clauses.

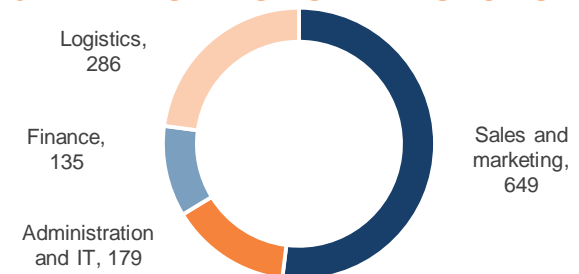
AVERAGE NUMBER OF EMPLOYEES



2016 EMPLOYEES EOP BY FUNCTIONS



2017 EMPLOYEES EOP BY FUNCTIONS



At present, at ASBIS we follow our informal rules and policies. We describe them below.

Diversity is important for us. We aim to have a balanced approach in terms of age and sex. We recognize that each employee is unique and has own characteristics. We understand that our employees wish to grow and develop within our Company. We thus try to promote employees internally, offering them new challenges and opportunities to develop. We also want our employees to have a work-life balance. At the moment, employees who work over-time inform the HR department. Following approval from the line manager side, the employee may obtain more days to his/hers annual holidays.

We aim for our employees to be fairly remunerated. In order to make sure that we pay market salaries, we try to keep up-to-date with the latest developments on the markets where we hold subsidiaries and we do our research in job portals. Given the importance of the matter, it is looked at by the HR department and the Board of Directors.

We also want the salaries to include not only a fixed but also a variable component, to align the remuneration of employees with the performance of the whole Company. The variable part of the remuneration relates to profitability bonus and/or commission and management bonus. The first one is paid once the Company achieves its profitability targets and the latter once specific set tasks are

achieved. These differ depending on the type of job of the employee. The Company provides access for all employees to our IT platform and managers can assign to their subordinates certain tasks or the employees log their tasks on a quarterly basis. From the results of their tasks, managers can check the employees' progress and if these are visible, the managers can grant a bonus on a quarterly basis. This allows employees to work effectively and obtain constructive feedback. Now, we are in the process of expanding the system to measure KPIs in a more effective way and are creating new functionality for employees to be able to manage their day-to-day routine effectively. This management system will enable the employees to see their progress and to receive feedback from their managers immediately.

We understand that salaries is just one part of job satisfaction. We want our employees to have an open line of communication with their managers. The aim is not only to pass a constructive feedback down the line but also for employees to be able to speak openly to their managers and communicate issues or inefficiencies and give their feedback. The Company organizes meetings with the management team on a quarter basis in order to discuss issues and new developments with all the general managers of the Group. We also offer perks like: health insurance, Provident Fund in certain countries, Christmas gifts, gatherings for Christmas and in some cases discount card for

some restaurants. Our employees also receive discounts for products sold by the Company.

ASBIS ensures that the employees have the required skills and knowledge to undertake their tasks. Our HR department is responsible for arranging trainings for employees as per the request of managers or directors. Trainings depend on the department, employees' performance and new market trends and are fully covered by ASBIS (even if these require travelling abroad). We see value in financing international trainings and certificates as this improves the performance of our employees and makes the Company more prepared for market changes.

On top of caring for the current employees, we also act to attract new talents as we know this is essential for ASBIS to grow, as outsourcing is not our primary focus. We now co-operate with universities on the recruitment process in order to find talents. We plan to tighten this co-operation and become more active e.g. on job fairs.

Finally, we would like to underline that ASBIS considers bullying policy unacceptable and it is not tolerated under any circumstances. Although we have not faced such situations to date, it is clear to us that any employee who will be found in violation of the policy will be disciplined.

SOCIAL MATTERS

Social issues are also important for us thus we act in two ways. Firstly, we recognize that our social impact stretches to the families of our employees. We offer gifts to kids of our employees (until these reach 18 years old) especially in the Christmas season. We also offer our employees opportunities to act in frames of corporate volunteering actions (e.g. some of them are blood donors).

Our second way of acting is support people in need. We support organisations (also non-profit organisations) that offer food and shelter. We help children in orphanages. In 2016 and 2017 the Company arranged a Christmas party for the kids of the employees but also for the orphan kids of an association in Cyprus. We also promote sports and sponsor certain teams in Cyprus.

Overall, we take a decentralized approach to community engagement and investment allowing our subsidiaries to conduct actions they believe are proper and needed. Annual donations reach EUR 50,000 (amount valid for 2017 and 2016).

EUR 50,000
donations annually

Policies related to human rights

We recognize the importance of preserving human rights in the value chain.

At ASBIS we recognize the importance of preserving human rights in our value chain. We believe in the rights to self-determination, liberty, due process of law, freedom of movement, thought, religion, assembly and association in all subsidiaries. We would like to have these formalized on the level of the whole Group and later on within our value chain.

As a result, we plan to implement a Human Rights & Labor Policy which will set forth ASBIS' global standards regarding The Code of Labour Practices. This policy of labor practice will set forth minimum standards for wages, working time and working conditions and provides for observance of all of the core standards of the International Labor Organisation including other applicable Conventions. The policy will provide a pledge by the Company to observe these standards and to require its contractors, subcontractors and suppliers to observe these standards. It will also establish ASBIS' general responsibilities concerning human rights, health management, work safety, career management, employees' rights etc.

The Company does not have a formal ethics code yet, but we are in the process of creating our Business Ethics handbook. It will be finalized and

approved by the BoD within the next twelve months. In case of issues that require external ethical judgement, ASBIS collaborates with external and internal lawyers.

So far, we have not had any incidents related to mobbing and other human rights abuses. However, our policies say that in case of any future incidents the HR department or the line manager should inform the BoD and they should take action depending on the situation. In case of serious situations, dismissal of the employee as per the employment law could be an option. The procedure of termination is already described in the employment contracts. Since 2006 we have a whistleblowing policy in place to which allows employees to anonymously raise concerns about possible wrongdoing to the BoD. The policy indicates that the Chairman has the powers to investigate any whistleblowing actions which come under his attention. He can appoint a sub-committee which can undertake any disciplinary actions depending on the seriousness of the case.

The Company does not have a Code of Conduct yet. We understand it is important for our Group to have a written set of principles that need to be followed by all entities, thus we plan to prepare one within a year's time.

Policies related to environmental impact

We want to grow sustainably.

We feel responsible for the environment and we think and reflect on ways how we affect it and how we could lower our impact. In doing so, we look internally and outside of ASBIS.

INTERNAL EFFICIENCY

We aim to monitor and minimize our environmental impact by looking into the Company's operations. We use led lighting to lower electricity consumption. We try to minimize the usage of paper by applying electronic invoices as much as possible.

To improve efficiency we resort to third parties and outsourcing. We limit the usage of own vehicles and car fleet. In 2017, overall we had 49 corporate cars (+4 YoY), which are governed by our Corporate Car Policy. These are available only to senior executives with limits put on the value of car, while employees pay for fuel. Goods from suppliers are sent by them to our distribution centres. We use logistics operators to deliver goods from our distribution centres to customers.

We also have a Travel Policy which defines "DO's" and "DON'Ts" for employees who travel for business trips and conferences. Taking environment into account, when possible we tend

to use technology to save time on traveling to different countries and lower our environmental impact.

We have not had any administrative, civil or legal cases related to environment within the stated horizon. There also have not been any malfunctions relating to any of our distribution centres that would have any negative impact on the environment.

EXTERNAL EFFICIENCY

We realise that the second level of our environmental impact is an indirect one and results from the products that we distribute and sell. All our products are safe for our customers and end-customers. The Company makes sure that the producers of goods distributed by ASBIS do not use improper chemicals or unhealthy materials. We obtain the necessary certificates such as CE (Conformité Européenne) and RoHS (Restrictions of Hazardous Substances). We have our own QA&QC (Quality Assurance and Quality Control) team (up to 25 people) in our Chinese office that conduct all the required and necessary tests.

It is in our best interest to distribute products which are durable and meet the expectations of end-customers. This limits customer complaints and reduces the number and cost of warranties. When products become defective within the manufacturer's warranty period due to a production or material defect, ASBIS may choose, at its own discretion, to deliver refurbished or new products, to repair the products or to issue a credit note. Warranties are especially important for ASBIS in case of private labels, as we are then ultimately responsible for the repair.

We recognize that electronic waste is harmful for the environment and we try to recycle or dispose of it in a proper way. According to current regulations, especially WEEE Directive (Waste Electrical and Electronic Equipment) electronic waste disposal has to be paid by the company which enters the product on the market. In ASBIS case these are our subsidiaries, which are registered in local organizations. The latter deal with the matter. We do provide scrap operations, it is done by specialized companies.

CE is a certification mark that indicates conformity of products with health, safety and environmental protection within the EU.

RoHS is EU Directive which restricts the use of six hazardous materials in the manufacture of electronic and electrical equipment.

WEEE Directive sets collection, recycling and recovery targets for all types of electrical goods.

Policies against bribery and corruption

We are against bribery and corruption.

At ASBIS we are against bribery and corruption, as these are illegal activities. We believe it is against the law to offer, promise, give, request, agree, receive or accept bribes and we penalize such a behavior. We consider corruption an obstacle to economic and social development around the world, as we think it has a negative impact on sustainable development and exposed communities. We understand that any such actions if undertaken by our employees could negatively affect the Company's reputation.

We have decided to act more firmly against these and are in the process of formalizing our anti-bribery and anti-corruption policies. These will include guidance related to the employees' conduct as well as limits related to gifts and hospitality spending. These should be ready and communicated to our employees and other stakeholders within the next twelve months.

The Board of Directors treats these matters seriously. Since November 2016, we have a formal policy in place which regulates hiring of family member at ASBIS. In the case of intention of hiring family members in any of the legal entities of the Group, the following must apply:

- family members of 1st, 2nd degree and spouse or spouse equivalent may not be employed in the same department unless approved by the company's Board of Directors majority vote,
- a supervisor or manager may not be the direct or second level supervisor of a relative.

We are satisfied with the results of implementation of this policy.

We are in the process of formalizing our anti-bribery and anti-corruption policies.

Risk management

Risk management is of high importance to us.

Performance in the IT distribution business depends on a sizeable number of external factors, which are not under the Company's management control and on internal risk factors. Due to relatively low margins, risk management is of high importance to the Board of Directors.

The risks that ASBIS faces can be looked at from the perspective of risks being strategic (affecting the whole company), tactical (affecting real business decisions) and operational ones (influencing the day to day performance). These are shown in the table on the right. We can also distinguish financial and non-financial risks.

The key financial risks (please note this is not a full list) include: macroeconomic and political risk in the countries present, FX risk, credit risk and inventory obsolescence risk.

The key non-financial risks include (please note this is not a full list): risk related to employees, risk related to human rights violation, risk related to environmental impact as well as risk related to bribery and corruption.

We describe the risks as well as our counteractive measures below.

Strategic risks

risk of taking the wrong strategy, choosing of wrong products or countries to grow in

Tactical risks

market and FX risk, credit risk, IT risk, liquidity risk

Operational risks

delays in obtaining products from suppliers, delays in sending products to customers, inability to obtain employees to fill in vacancies

Selected financial risks	Description	Counteracting
Political and macroeconomic risk	<p>Due to operations run in four regions of the emerging markets, we are exposed both to political and macroeconomic risks in those countries. Our presence ranges from Western Europe, to Central and Eastern Europe as far as to Middle East & Africa and Former Soviet Union countries. Historically, we have suffered from specific in-country problems and we cannot exclude these reappearing. The countries we operate in, face risks related to global macroeconomic exposure. Traditionally we suffered if any of major economies faced challenges. There are many uncertainties about the world economy following turmoils in different countries, volatility of currencies and fragility of demand in many markets. This is one of our major risk factors since the financial and economic situation dictates the business environment in which we operate. Lower demand is likely to lead to lower profits and ASBIS could be negatively affected despite the experience we have gained from management of similar situations in the past.</p>	<p>We try to minimize these risks by monitoring developments in countries where we operate and to be able to react fast and weather every risk showing up in specific market to secure our results. We always need to keep in mind that different in-country problems might arise at any time and affect our operations. Despite the fact that we improved our procedures, we cannot be sure that all risks are mitigated.</p>
Foreign exchange risk	<p>ASBIS faces a sizeable foreign currency risk. Our reporting currency is the U.S. dollar. In 2017, c.40% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (c. 80%) denominated in U.S.dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate. In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and FX loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserve. Furthermore, a major devaluation or depreciation of any such currencies may result in disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.</p>	<p>Despite all efforts of the Company there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Therefore, careful observation of the currency environment remains a crucial factor for our success. We continue to follow our hedging policy which is aimed as using natural hedging to the extent possible (matching foreign denominated assets with foreign denominated liabilities). Where this is not possible or too costly, we use NDFs (non-delivery foreign currency forwards).</p>
Credit risk	<p>ASBIS buys IT products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. ASBIS payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As our profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to a financial liquidity risk.</p>	<p>Due to the recent market developments following the changes in credit rating of certain countries and regions where the Group operates in, credit risk has become one of the most important risk factors that might affect the Group's results in the future. The Group directors has decided to enhance risk management procedures. Both in 2016 and 2017 more than 65% of revenues were insured.</p>
Inventory obsolescence and price erosion	<p>The Company is often required to buy components and finished products according to forecast requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products. As the Company increases the scope of its business and, in particular, of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or as a result of the need to make provisions for write-offs. In an oversupply situation, other distributors may elect to proceed with price reductions in order to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive.</p>	<p>The Company's ability to manage its inventory and protect its business against price erosion is critical to our success. A number of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.</p>

Selected non-financial risks	Description	Counteracting
Risk related to social and employee matters	<p>The biggest risks that we see in relation to social and employee matters is linked to retaining employees (especially key employees) and our ability to hire new qualified personnel in all countries of operations. Our business depends upon the contribution of a number of our executive directors, key senior management and personnel. There can be no certainty that their services will continue to be available to us. We have in the past experienced and may in the future continue to experience difficulty in identifying expert personnel in our areas of activity, and particularly in the areas of information technology and sales and marketing, in the countries in which we operate. On average in 2017 only 10% of our employees were employed in the parent company with the remaining portion outside of our Cyprus headquarters. If we are not successful in retaining or attracting highly qualified personnel in key management positions, this could have a material adverse effect upon our business, operating results and financial condition.</p>	<p>ASBIS is focused on providing its employees best possible conditions. We aim for our employees to have a transparent career path and a fair constructive assessment. We make sure their remuneration is fair and offer additional perks and trainings.</p>
Risk related to human rights	<p>The risk is related to ASBIS as well as to our value chain. In terms of ASBIS, there is a risk, yet limited in our opinion, that the basic rights of our employees will be violated. Despite a selection of employees, we cannot guarantee that all employees will be fairly treated and that no mobbing and no discrimination will take place. There is also some risk within our value chain. Some of the products that we source come from countries like China, Thailand, and Taiwan. We cannot guarantee that all the rights of those employees are respected.</p>	<p>In terms of ASBIS employees, we plan to counteract this risk by introducing formal policies that will define the values and the ethical aspects of our operations. In terms of our value chain, we try to mitigate the risk by purchasing third party software and hardware from international companies and producers, for which corporate social responsibility and value chain control are important. We also plan to incorporate a Code of Conduct for our suppliers.</p>
Risk related to our environment impact	<p>We see two elements of our environment impact which could generate risk. The first one is our direct involvement. The risk is related to fuel and electricity consumption by our offices and our employees as well as to the logistics side of our business (with goods being delivered to us from producers and later being dispatched to customers). The second, indirect impact and risk related to environment comes from the customers using the products that we have distributed to them. If these products are of poor quality and require sizeable number of repairs they can either be thrown away quickly (harming the environment) or customers may need to relate to warranties (which generate increased need for logistics).</p>	<p>We minimize the risk of our direct environment impact by being cost cautious and aiming to use less resources (water, gas, electricity). We counteract the second risk (which we had partially faced in the past) by focusing on high quality of products offered. This is especially true in case of our private label products.</p>
Risk related to bribery and corruption	<p>We see risks related to bribery and corruption as we operate in a B2B environment (business to business) in 60 countries worldwide in four different regions with diverging cultures. As contracts signed both with suppliers and with customers are of sizeable value, we cannot exclude such a risk. The key element of that risk is reputation risk that ASBIS would have to face, if such actions were undertaken by our employees.</p>	<p>We emphasize the importance of ethics in our relations with both suppliers and customers. We co-operate with international companies and thus believe that this risk is limited. We are in the process of creating formalized internal policies which would guide the behavior of our employees.</p>

Non-financial indicators

We gradually increase the importance of NFIs in Company's management.

With growing complexity of the surrounding world, we recognize the need to increasingly more look not only at the financial ratios but also at the non-financial indicators (NFIs). As a result, ASBIS has created a list of non-financial indicators that are followed and their importance in decision making gradually increases.

Non-financial indicators presented in this Report have been selected based on their importance to stakeholders and with the aim to present the Company in a more comprehensive manner. The non-financial indicators are presented on the level of ASBIS' Group. That is the level based on which decision are taken by the Board of Directors.

The table below summarizes all the non-financial indicators included in the Report. On top, it clarifies the way these indicators were calculated and points to the place in the Report where these can be found.

Non-financial indicator	Description	Page number
Active customers	Customers that have made at least one purchase during the year.	4, 10
Countries with subsidiaries	Number of countries in which ASBIS established local subsidiaries	4
Countries of operations	Number of countries, to which goods and products are delivered.	4
Active articles	Number of stock keeping units in our portfolio	9
Products	Number of product types irrespective of their characteristics, eg. not taking into account their colour or type.	4
Average time of conducting an order	Time from the moment order is received to the moment when the sales invoice is issued and goods are shipped to the customer.	9
Suppliers	Companies from which we source goods and products.	9
Number of employees	Number of ASBIS Group employees at the end of the period	4, 23
Average number of employees	Average number of employees in the year	23
Donations	Value of donations given to charities and value of events sponsored.	21

Signatures:

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Siarhei Kostevitch
Chairman, Chief Executive Officer
Member of the Board of Directors

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Marios Christou
Chief Financial Officer
Member of the Board of Directors

.....

Constantinos Tziamalis
Director of Credit and Investor Relations
Member of the Board of Directors

.....

Yuri Ulasovich
Director
Member of the Board of Directors