

COMMUNICATION ON PROGRESS

Company:	UNIMASTERS LOGISTICS PLC
Country:	BULGARIA
Sector:	TRANSPORT & LOGISTICS
Reporting Period:	2010

Introduction

We joined the United Nations Global Compact in 2003 and since then we've been fully supporting and committed to the 10 Principles of the Initiative. We commit ourselves to conscientious citizenship by running an environmentally friendly business in a way that ensures minimum adverse impact on the environment and by making an example for good corporate citizenship in our workplaces and communities.

The report describes our policies and activities in key areas and explains the measures that we are taking to integrate environmental and corporate responsibility into all aspects of our business. For additional information, please visit <http://www.unimasters.com>

Statement of Continued Support

Message from Nikolai Bozhilov, Executive Chairman

Since we joined United Nations Global Compact, we have made a continuous progress towards sustainability, human development, and health and safety. We have tried to actively contribute as a good corporate citizen to business climate improvement in Bulgaria by introducing best world practices in transportation and logistics as well as taking a firm stance against red tape, bureaucracy and corruption.

In 2010, Unimasters Logistics maintained its efforts and advances in sustainable development. The Group further reduced its CO2 emissions and improved security on its sites, while increasing dialog with government and local communities. This programme-oriented approach will be extended through new goals and ambitions in the next years to come.

We have also started preparations for the accreditation process for ISO 14000. Despite uncertainty and challenging economic environment, we have made substantial investment in "green" vehicles and new advanced computer technologies thus emphasising on our commitment to greener and safer planet.

We have also educated and trained our people to act responsibly and sustainably.

Our support to United Nations Global Compact has been and it is unwavering. We shall continue to do our utmost to strictly adhere to its principles.

Yours sincerely

N. Bozhilov

HUMAN RIGHTS AND LABOR STANDARDS

- Principle 1 Business should support and respect the protection of internationally proclaimed human rights**
- Principle 2 Business must ensure they are not complicit in human rights abuses.**
- Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**
- Principle 4 Business should uphold the elimination of all forms of forced and compulsory labour**
- Principle 5 Business should uphold the effective abolition of child labour**
- Principle 6 Business should uphold the elimination of discrimination in respect of employment and occupation**

Commitment:

Health & Safety Policy

Implementation:

One of the top ambitions the company has set in its Strategy 2010-2015 is to become “Employer Of Choice” in Southeastern Europe. To us, that means not only higher and just compensation but also thoughtfulness and care for all employees – i.e. non-discrimination in ANY way, healthy and pleasant working conditions, balance between personal life and work, support of the employees’ right of privacy, career opportunities, etc.

We have updated our Health & Safety Policy in 2010 in order to ensure that the company operates in a sustainable manner and becomes an example for corporate citizenship in its sphere of activity.

Unimasters Logistics provides safe, healthy and pleasant working facilities. Through regular working conditions risk assessment and employee education and training, the appropriate precautionary measures are taken to protect employees from working hazards and dangers. In 2010 we have undertaken rigorous emergency training for all our employees, in order to react swiftly and mitigate injuries and losses in case of fire or natural disaster.

This year we have embarked on a joint long-term project with Lafarge Aggregates Division in Romania to bring the highest health and safety transportation standards to Romanian building environment by introducing a core fleet of state-of-the-art tippers as well as safety management of transport contractors in accordance with highest world standards. Through continuous improvement and personal engagement of everybody involved to achieve and exceed most challenging targets such as zero incidents, reach world-class standards for protection of health and environment, and recognize and reward the safest performers from business units to individuals, we have made healthy and safe environment our Group’s utmost priority.

We are proud with our policy of diversity and equality, which does not differentiate between men and women, race or nationality, when it comes to career development and promotion. Whatever the sex, our employees and managers receive equal compensation for equal work done in each particular country of operation.

As a socially responsible employer, the company protects and cares for the needs of certain vulnerable categories – e.g. pregnant women, mothers of children aged up to 2, and handicapped people. They are offered flexible working hours and suitable working conditions. They have an option to return to work from the respective leave at their own discretion in the terms stipulated by the Labor Code. In 2010, 12% of all women were in a paid maternity leave.

Unimasters Logistics has always encouraged and supported the ambition for self-development in its employees. The Management of the company has granted permission to 7% of its employees to attend classes in Universities during office hours in order to get a higher educational degree.

As a part of our strategy to become an employer of choice, the company assisted its employees to obtain funding of qualification and motivation training, provided by the National Employment Agency. These trainings included language courses and training in IT. 20% of all employees applied for trainings in foreign languages, soft skills, project management, etc.

Unimasters Logistics participates in the annual survey for the level of the wages in the respective sphere of activity in each country of operation. We are proud to offer wages well above the medium country level ensuring a higher standard of living to our employees. Job positions are stimulated by a bonus scheme providing extra payment in relation to the achieved personal and team goals set monthly, quarterly and half-yearly by the Management.

We are proud to declare that, during our more than 21-year history as a company, there has been no incident related to human rights abuse or labor standards non-compliance.

ENVIRONMENT

Principle 7 Business should support a precautionary approach to environmental challenges

Principle 8 Business should undertake initiatives to promote greater environmental responsibility

Principle 9 Business should encourage the development and diffusion of environmentally friendly technologies

Commitment:

ENVIRONMENTAL STEWARDSHIP is our new company policy for greener and safer PLANET.

Environmental Policy

Implementation:

We have updated our Environmental Policy in 2010. As one of the major players on the logistics market our main goal in relation to environment protection is to reduce the adverse impact from our transport activities. Part of our ambition and strategy for 2010-2015 is to become a GREEN logistics service provider, which continually works on the reduction of the carbon footprint in all our operations.

In 2010, we have replaced half of our fleet with new Euro 5 trucks. By the end of 2010, about 62% of our fleet is Euro 5 compliant. We are aiming at 100% EURO 5 and 6-compliant fleet in the next two years plus experimental introduction of electric vehicles for city distribution in one or two metropolitan areas.

We also continue our 2009 initiative for waste separation for further recycling. Our offices are equipped with properly marked recycle bins pointing the type of waste.

Energy is saved through new generation computers and monitors, as well as electricity bulbs mounted in all our facilities.

In 2010 we have outsourced all photocopying and printing solutions to one of the world industry leaders thus reducing our printing by more than 40%. We are now preparing to move to new ediEnterprise IT platform, which is a big step in moving towards paperless office.

At a Board meeting in 2010 it was resolved to initiate the application procedure for ISO 14000 accreditation. We expect to have positive result and completion of the procedure by end 2011.

ANTI-CORRUPTION

Principle 10 Business should work against corruption in all its forms, including extortion and bribery

Commitment:

Code of Business Ethics

Implementation:

Unimasters Logistics' Code of Business Ethics specifically addresses the issue of bribery and corruption. The company respects applicable law, including international law, and requires its employees and business partners to do likewise.

Basic criminal statutes of virtually all countries prohibit extortion and bribery. Under no circumstances Unimasters, directly or indirectly, knowingly offer or give a bribe. Further, Unimasters does not support any transaction that involves requests for bribe, and exercises reasonable diligence and care not to support unknowingly such a transaction.

The UML Code of Business Ethics describes and reinforces conduct that is based on our core values, which we have consistently striven to implement in our daily work. They are consistent with our policies, procedures and practices, and essential to our legal and regulatory compliance obligations. Our ongoing commitment to these values ensures that we operate in accordance with the highest ethical standards and achieve our vision and mission.