

2016
COMMUNICATION
ON PROGRESS

TRANSPORT AND LOGISTICS
BULGARIA



United Nations Global Compact



INTRODUCTION

Unimasters is a regional logistics group with a global reach, which provides freight management by land, sea and air, using a wide range of end-to-end solutions. We respect the uniqueness of each of our customers and offer effective tailor-made services, designed for the needs of their business. We maintain an open and honest approach within the company and in our communication to the clients. We remain creative at every stage of the logistics process. We don't simply follow the technological trends - we set them for the rest of the industry in the markets where we operate, while staying sustainable and respectful towards the environment and our society.

Being an active participant in the UN Global Compact for the last 14 years Unimasters remains committed to making progress on each of the UN Global Compact Principles for the benefit of our employees, customers, suppliers, shareholders and wider society.

In this report for the period August 2016 - August 2017 we share our recent activities on the important issues enshrined in the UN Global Compact Principles.

STATEMENT OF CONTINUED SUPPORT

Dear Stakeholders,

The coming shift to sustainable economics presents a vast opportunity for value creation. Renewable energy, electrical vehicles, hyperloop and block-chain are changing the world of transportation and logistics entirely. Being at the forefront of the industry and prominent by our distinctive nature and people loving culture, we at Unimasters are now moving even faster to cope with the quest for greener, safer and better global ecosystem.

We are not only fully committed to the principles of the United Nations Global Compact but also to the seventeen interrelated sustainable development goals, which cover a broad range of vital social issues, such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

We live in exciting world, where we see obstacles and challenges as new opportunities to transform our company, community and industry into abundant future world of endless human creativity and achievement. Therefore we place a strong emphasis on life-long education, personal and professional self-development, and digital nativity.

The latest digital technologies made it possible for us to comprehensively transform the way that our companies operate. At the enterprise level, we are now investing in advanced analytics, artificial intelligence, the Internet of Things, and other groundbreaking technologies to collect, process and interpret information automatically thus supporting real-time objective decision making. Our ongoing and continually evolving digital transformation is about projecting our compelling vision to our customers and partners for how new digital world can greatly improve service and quality of life, reduce cost, enhance agility, and add plenty of value for the benefit of the whole society.

Nikolai Bozhilov
CEO



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

Code of Business Ethics; Health & Safety Policy; Recruitment Procedure; Training procedure; Company's Values

IMPLEMENTATION

At Unimasters we recognise our responsibility to uphold human rights in the workplace and to use our influence and reach to foster support for human rights more broadly within larger society. We work to address human rights issues within our community. In the workplace, human rights take the form of nondiscrimination and diversity in personnel practices. Recruitment and retention activities in place reverberate our eagerness to hire professionals who share Unimasters' values and commitment to responsible business.

At the beginning of 2017 as part of the ongoing transformation and evolution of our company's brand we came up with a brand new logo and a new simple set of values which make us a formidable CREW. "CREW" stands for Creativity, Reliability, Excellence and Wisdom:

Creativity - We keep finding new creative ways to excel in our work. We strive to stay ahead of the rest by constantly renovating and reinventing our systems and by choosing the most creative ways to implement digital solutions into logistics.

Reliability - We're trustworthy because we offer transparent services. Each and every Unimasters' employee approaches their work with honesty and openness. Our clients rely on us as they know that we maintain complete transparency at any stage of our work. We insist on honestly and openly communicating any occurring situation to our clients.

Excellence - We make no compromise in our commitment to the customers. Unimasters is a company with a customer-centric approach. We insist on establishing long-lasting relationships with our customers as we strongly believe that we are moving towards perfection together.

Wisdom - Sharing knowledge is power and our way to grow as a company. Our whole team has embraced and established a knowledge-sharing culture in their work. We have implemented several knowledge-sharing platforms into our working environment, using a wide range of information exchange tools. We thoroughly believe in collaboration and we have discovered that by sharing knowledge, our team members empower both themselves and the company.



Our values and behaviors define the expectations we have for working with our clients, with each other and with wider society. Powered by them, the company contributed to human rights and to their promotion through business activities, advocacy, partnership and collective action.

Unimasters supports the The Duke of Edinburgh's International Award from its establishment in Bulgaria in early 2014 on. The Award is available to 14-24 year olds and is the world's leading youth achievement award. It equips young people for life regardless of their background, culture, physical ability, skills and interests. Doing the Award is a personal challenge which pushes young people to their personal limits and recognises their achievements. We firmly believe in the power of the Award to transform the lives of young people and in 2017 the company extended its commitment to the Award – Unimasters CEO Mr Nikolai Bozhilov became a Trustee of The Duke of Edinburgh's International Award Foundation in Bulgaria thus supporting and participating in the further development of the Award in the country.

In addition Unimasters Logistics continued its ongoing support for young people who are at the beginning of their logistics professional career – in the reported period 11 employees entered the company and benefited the flexible work conditions and collaborative team support.

As a key player on the logistics market in Bulgaria we openly share knowledge within our industry thus promoting the professional standards we are following. Unimasters is a member of NSBS – The Bulgarian Association for Freight Forwarding, Transport and Logistics. The Association is a socially responsible organisation whose main goal is the sustainable development of the freight forwarding sector. The Vocational training centre of NSBS is accredited with license on national and international level to hold specialised courses in freight forwarding and logistics. For the reported period a number of seasoned Unimasters professionals held there 10 lectures and hosted 2 workshops covering the topics of container transportation, ocean/sea freight forwarding, insurance and transport liabilities.

Unimasters endeavours to create stable and open relations based on trust with all its customers, partners and employees. The company respects the right to freedom of association and collective bargaining for all its employees. Representatives of employees are neither favored nor discriminated. The company continuously provides a workplace free of discrimination. In the reported period the ratio male/female on managerial positions is 50%/50%. Protection and support of vulnerable categories – pregnant women, mothers of children aged under 2 and handicapped people is a continued policy and practice at Unimasters. These groups can benefit from favorable work conditions and flexible working hours provided by the company. In the reported period, 25% of the women in these categories have had flexible working time and 100% of the handicapped people have worked in alleviated work conditions.



Unimasters continued its support for the socially disadvantaged, the disabled, and families in need. After its participation in Easter'2016 initiatives of Holiday Heroes - a non-profit association for public benefit - the company consistently participated in Christmas'2016 and Easter'2017 charitable endeavours of the Association. For both holidays 11 247 holiday boxes were packed and delivered to the homes of thousands of families in need across Bulgaria. Unimasters scheduled the deliveries using the company's state-of-the-art Transport Management System and arranged the free of charge delivery right to the doors of the beneficiaries.

In addition to these initiatives, Unimasters supported Maria's World Foundation. The Foundation aims to improve the quality of life of people with intellectual disabilities and their families. The organisation was established in February 2012 in Sofia as a public interest foundation by the family of Maria, a young woman with intellectual disabilities. The main belief of the Foundation is that "each person has a valuable contribution to make to the community and deserves a chance to develop their full potential and live with hope for the future. People with disabilities must be free and equal to all others - free to make their own choices and equal in the possibilities available to them to pursue those choices." Touched by the cause of the Foundation and deeply committed to the fate of these people, we decided to commission them with charity purpose to prepare the Christmas gifts to our customers.

For Easter'2017 a Charity bazaar took place in the offices of the company. The volunteers among employees participated with handmade souvenirs, food and beverages. Each employee or visitor was encouraged to buy and commit to the cause. The raised fund was transferred for the rehabilitation of a child with cerebral paralysis. The company and its employees donated for the successful surgery of the same child during the previous reporting period.

At the beginning of 2017 Unimasters implemented Workplace - an enterprise-focused messaging and social networking service developed by Facebook. It brought a positive change in the way we work together, communicate, openly and freely share thoughts and knowledge, discuss projects, collaborate and turn ideas into action. Workplace has made it easier to collect insights from employees helping the management team make better-informed decisions. Employees share photos and comments from events across the company, strengthening Unimasters' culture. Workplace allows us to form Groups both for our own company and with others.

As a socially responsible employer Unimasters continuously provides all employees with a safe working environment and protects their well-being. In the reported period the company invested in a refurbishment of its warehouse facility in Sofia where a tubular daylighting solution by Solarspot was mounted. It allowed daylight into areas previously unreachable using traditional skylights. Solar-spot's patented light capture technologies and the 99.7% reflective Vegalux tubing ensures that the maximum amount of natural light is harvested and



transferred into the building below. The system provides a better working environment, leading to improved well-being, reduces absenteeism and 'sick-building' syndrome. In addition we started the replacement of the illuminants in the offices with LED illuminates.

All obligatory trainings and drills were carried out according to the company's training plan. We can proudly declare that during our more than 27-year company history 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 POLICY

IMPLEMENTATION

With respect to environmental protection Unimasters has set and strives to fulfill and achieve reduction of emissions and prevention of pollution by reducing carbon print. Within the reported period we achieved the following goals:

- Reduction of the environmental impact of office activities – we have organised the maintenance of Lexmark Print Management software and maintain print policy - automatic double-sided printing settings where applicable;
- Purchase of new DAF, Euro 6 trucks to renew the heavy-truck fleet with environmental-friendly vehicles;
- Investment in electric vehicles for urban deliveries;
- Reduction of the consumption of electricity by replacing the lighting in the warehouse of the facility in Sofia with LED lights and by installation of tubular day lighting solution by Solarspot in the same warehouse;
- Installation of a second row of wall panels of the high-storey warehouse in the facility in Sofia, aiming at higher sustainability and better energy efficiency;
- Increase of thermal insulation on the roof of the high-storey warehouse in Sofia by repair of the waterproofing.





ANTI-CORRUPTION

Principle 10

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

COMMITMENT

Code of Business Ethics; Corporate Compliance Policy

IMPLEMENTATION

Unimasters is committed to conducting its business in accordance with high ethical standards and in compliance with all applicable laws. The company's Quality & Compliance Officer is responsible for the integrated risk management system which allows Unimasters to make risk-conscious decisions. The company has an internal Code of Business Ethics and procedures stating the principles for conducting the business in fair, transparent and legal manner. The Code strictly forbids any form of bribery or corruption. The company is subject to regular internal and external audits and has been actively engaged in the area of ethical conduct and compliance. All employees are required to immediately report any violations of the Compliance Policy and Code of Business Ethics to the Quality and Compliance Officer. All employees are systematically made aware of the principles and procedures related to the company's legal obligations, local and international laws, rules and regulations and the consequences of non-compliance.

No claim or request for monetary sanction for corruption was reported in the period covered by the COP.

