

MANAGEMENT REPORT 2018





TERMS AND STANDARDS

PLASKE JSC, Organization means PLASKE Joint Stock Company
OMS means Organization Management System
UN GC means United Nations Global Compact
EFQM means the European Foundation for Quality Management
TQM means Total Quality Management
EKSIS means Electronic Knowledge Sharing Information System
ISPS means Port Community Information System in Ukraine
IWG means Interagency Working Group
AMCU means the Antimonopoly Committee of Ukraine
ISO 9001 means Quality management systems - Requirements
ISO 10018 means Quality management - Guidelines on people involvement and competence
ISO 14001 means Environmental management systems - Requirements with guidance for use

ISO 20121 means Event sustainability management systems - Requirements with guidance for use
ISO 21500 means Guidance on project management
ISO 26000 means Guidance on social responsibility
ISO 27001 means Information technology - Security techniques - Information security management systems. Requirements
ISO 31000 means Risk management - Principles and guidelines
ISO 45001 means Occupational health and safety management systems - Requirements
ISO 37001 means Anti-bribery management systems -- Requirements with guidance for use
SA 8000 means Social Accountability
ICC means Internal Code of Conduct



MISSION

Energy in motion for success of society



OBJECTIVE

Custom-made logistics solutions for an efficient economy



VISION

We are moving forward managing the energy in motion for the good of society. In this motion we are committed to social justice, environmental protection, safe products and sustainable economic growth of Organization



CONCEPTION

To create unique solutions, introduce smart logistics and represent the interests of the cargo owner at all stages of a secure supply chain to ensure carriage and delivery of goods at the specified destination point just in time reducing the economic risks and costs for our Customers

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OPENING REMARKS



In 2018, our Organization celebrated its 20th anniversary reaching the next level of development, which allowed consolidating the results of the achieved success. Despite the decline in revenues and production, PLASKE JSC continues to showcase the results of its business activities and responds to challenges by transforming political, economic and competitive turbulence, directing energy in support of existing and developing new products to meet the needs of society. We position ourselves

as an Organization that cares for the transport of goods and passengers, offering individual solutions and using the principles of Single Window and multimodality.

We share the principles of the UN Global Compact and approaches to building Sustainable Development Goals. To compare the implementation of values in practice and achieving the goals in the form of the results we use the EFQM Excellence Model. Our long-term experience ensures sustainable development, using universally recognized tools and management standards.

Today supporting government, international and industry standards, and voluntarily adopting them, using the experience of improving the Organization Management System, we have identified important values that form the basis for our product and business activity: simplicity, convenience, transparency, and security. This new value-based policy and approach covers all Customers and Stakeholders, including Personnel, Suppliers, and Society in general.

One of the major initiatives of PLASKE JSC is a project on international trade and logistics procedures facilitation, implementation of the Single Window

In 2018 UNECE in the edition "Success Stories in Technical Cooperation Towards the 2030 Agenda" published article about the project "The Single window - a local solution" in Ukraine ([web-link](#))

- Local Solution project. PLASKE JSC participates in the development of the National Strategy. Thus, our Organization unlocks its potential and positively influences changes in the socio-economic environment, creates conditions for fair business, based on compliance with legislation aimed at counteracting corruption, improving economic processes in Ukraine by updating tools for simplifying trade and logistics procedures, the opportunities of which allow to reach a new level of production, using multimodal tools and innovative solutions.

In 2018, this project was recognized at the Partnership for Sustainable Development Competition in the "Peace" nomination, conducted by the UN Global Compact Local Network. In early 2019, the International Maritime Organization issued a manual on the Single Window implementation, which provides an example of a successful implementation of the project by working group member states, including Ukraine.

This Report 2018, drafted in accordance with the methodological recommendations of the Ministry of Finance of Ukraine, the United Nations Global Compact and the Sustainable Development Goals, shows the results of PLASKE JSC activities in the field of finance, support for cultural and social projects, prevention of corruption, environment, and cooperation with Stakeholders.

Chairman of the Supervisory Board at PLASKE JSC
Mr Oleg PLATONOV

MANAGEMENT
REPORT

2018

STAKEHOLDERS ^{OO}

Our key stakeholders are defined as an audience that has an interest or impact on business processes, both directly and indirectly.

Due to cooperation and partnerships, PLASKE JSC exploits its opportunity to stabilize sustainable development. We value our partnerships with multiple Stakeholders as a way not only to realize our potential for sustainable development, but also to contribute to the achievement of our customers goals.

international organizations in order to promote sustainable development through cooperation among the participants.

The main tools for identifying Stakeholders are the Sustainable Development Goals (SDGs), the Ten Principles of the UN Global Compact and the recommendations of ISO 26000 Guidelines for Social Responsibility.

PLASKE JSC has joined and is a member of various national and

Due to cooperation and partnerships, PLASKE JSC exploits its opportunity to stabilize sustainable development

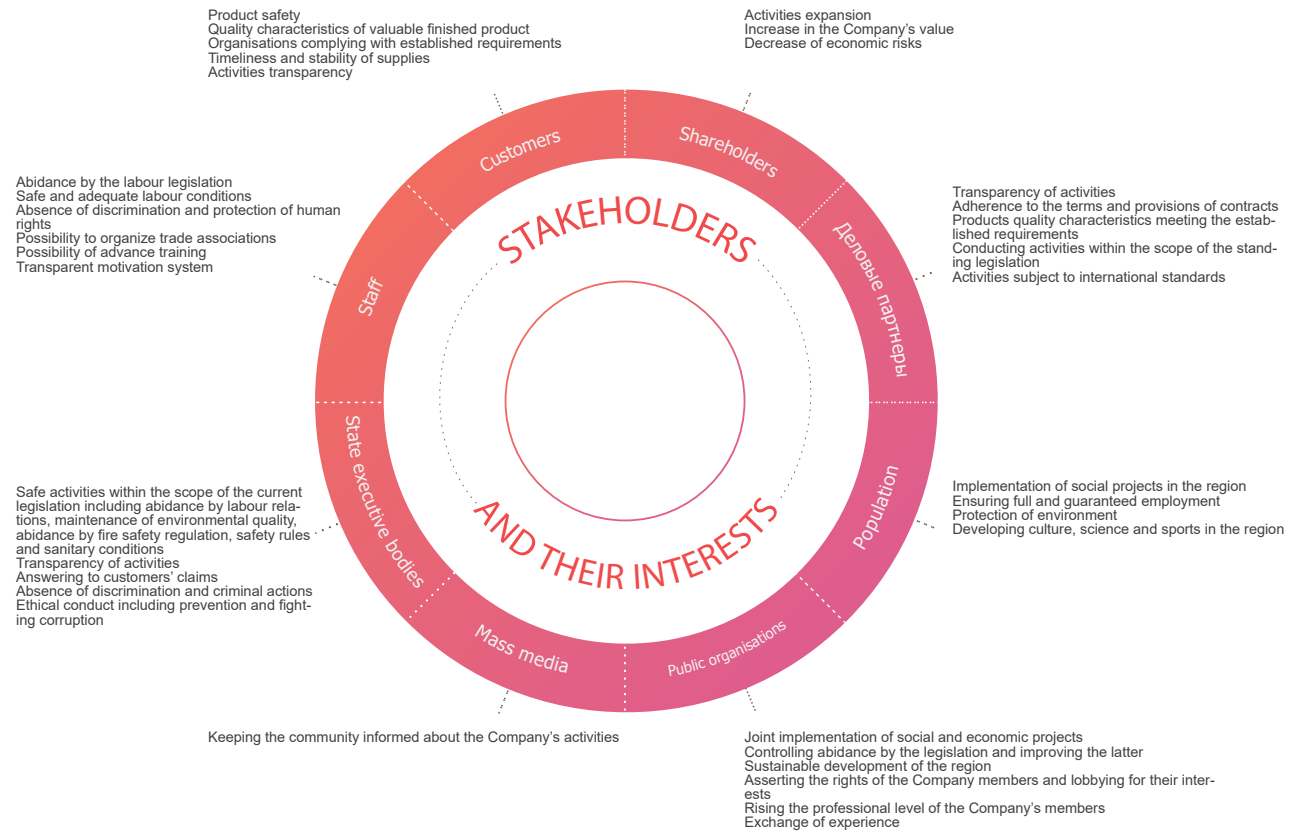


Figure 01. Stakeholders of PLASKE JSC

CORPORATE STRUCTURE

The PLASKE JSC's corporate structure is dynamic and may change during the management of projects and processes. Figure 02 shows Corporate Structure applicable in 2018.

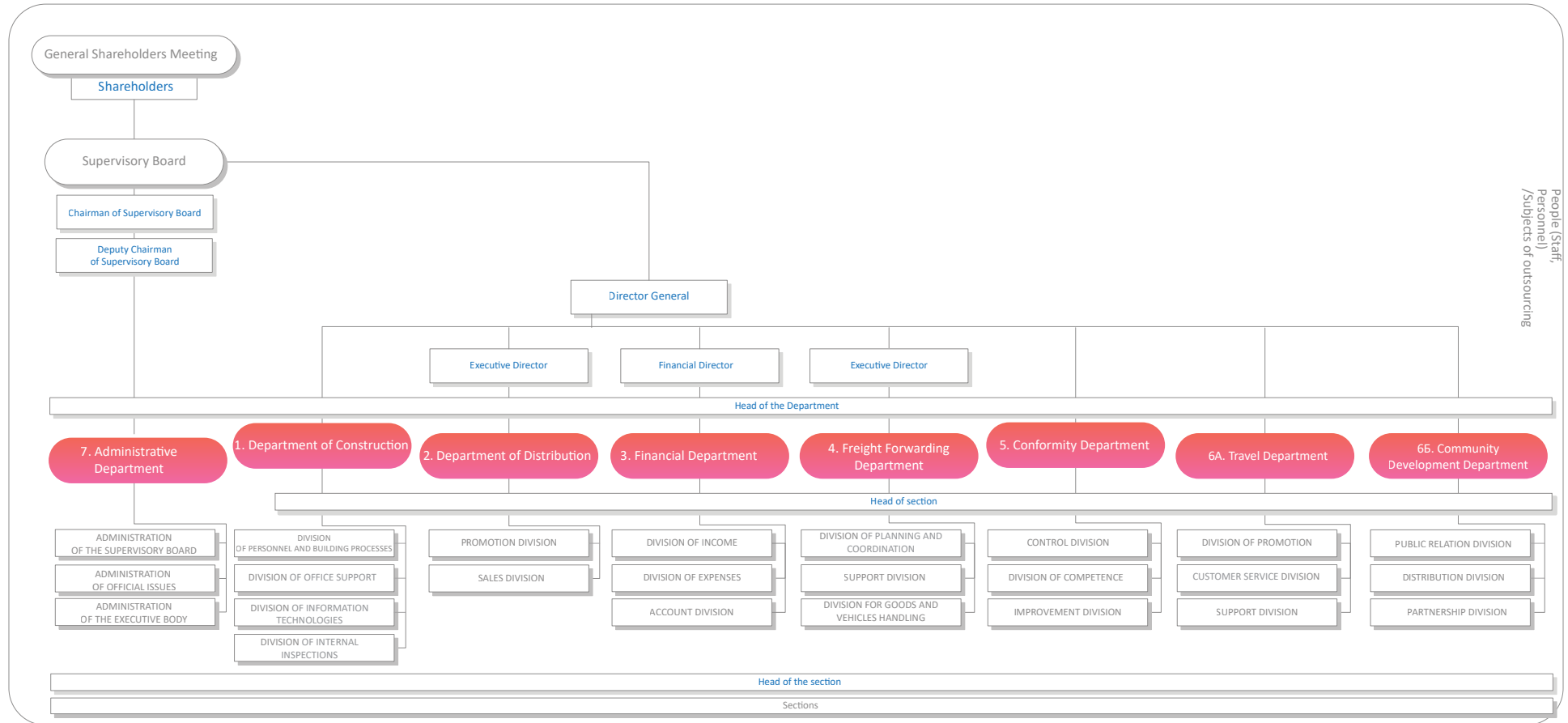


Figure 02. The Corporate Structure used in PLASKE JSC, 2018.

OUTPUT OF PRODUCTS ◯

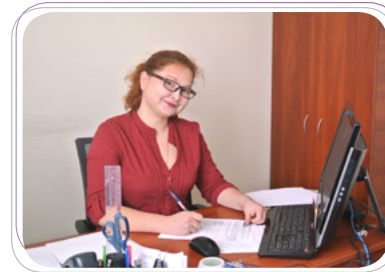
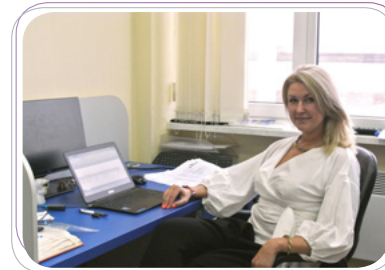


Our basic business activity is Freight Forwarding. PLASKE JSC arranges the provision of freight forwarding, logistics, transport, customs and financial services, allowing to find individual custom-made logistics solutions for combined, mixed and multimodal transport by different modes of transport.

This provides an opportunity, in partnership with other market players, to provide best practices compiled by international and national associations.

We use the possibilities of ferry, domestic and international rail transport to develop individual logistics solutions.

Photo Gallery: Heads of the Freight Forwarding Departments



For reference:

PLASKE JSC is the general cargo and ship agent of the Navigation Maritime Bulgare sea carrier, which provides ferry services in Chornomorsk - Poti - Chornomorsk, Chornomorsk - Varna - Chornomorsk directions for freight in railway wagons, by road, in containers and deck cargoes.



PLASKE JSC offers a wide range of transport, logistics, customs and financial services to arrange deliveries by various modes of transport.

We render our services in the major Ukrainian ports of Odessa, Chornomorsk, Yuzhny, Mykolaiv, Izmail, and Reni.



Railway transportation arrangement



Container transportation arrangement



Ferry transportation arrangement



Insurance



Transshipment in ports



Agent's services



Cargo repacking arrangement



Full-time service support



The arrangement of the optimal routes



Cargo customs clearance

Today we successfully use the route between Ukraine and Georgia, which is a simple and convenient solution for our customers in the development of trade relations between Europe, the Caucasus and Asia.

PLASKE JSC is the operator of the VIKING Combined Train, the route of which has already united such countries as Lithuania, Belarus, Ukraine, Moldova, Romania, Bulgaria, Turkey, Georgia and Azerbaijan. The freight is carried out on a regular basis and shows the efficiency of this mode of transport (Figure 03).

PLASKE JSC is the general cargo and ship agent of the Navigation Maritime Bulgare sea carrier, which provides ferry services in Chornomorsk - Poti - Chornomorsk, Chornomorsk - Varna - Chornomorsk directions for freight in railway wagons, by road, in containers and deck

cargoes.

During the last 5 years, PLASKE JSC has been experiencing a strong impact on the main process of production related to geopolitical transformations, as well as the tariff policy of the state: several areas of foreign economic relations were shut down, tariffs for transport by rail and sea increased, that resulted in the reduction of freight forwarding volumes as compared to previous periods

Photo Gallery: Personnel of the Freight Forwarding Departments

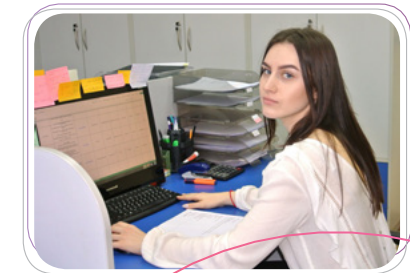
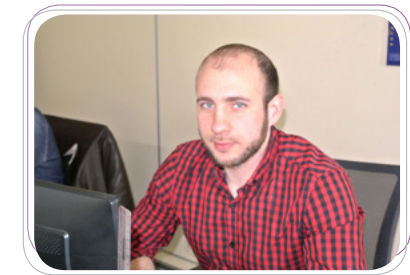
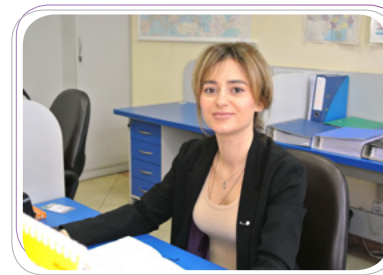
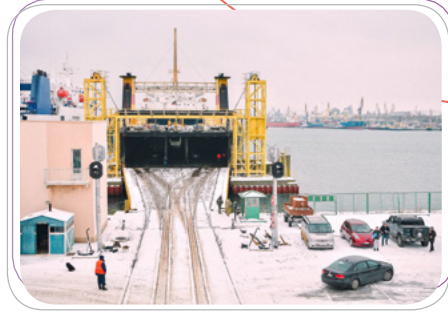
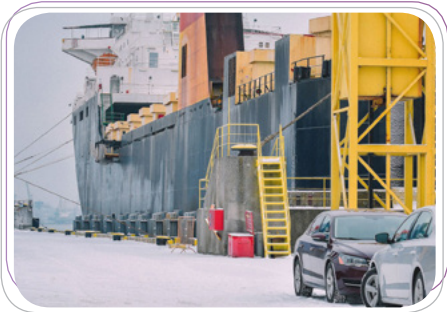


Photo Gallery: Ferry service in the port of Chornomorsk.



INTERMODAL PROJECT VIKING



The major land route of the train:

Odessa/Chornomorsk - Kyiv - Minsk - Vilnius - Klaipeda and back.

Project participants:

Bulgarian Railways, Belarusian Railways, Lithuanian Railways, Moldovan Railways, Romanian Railways, Georgian Railways, Azerbaijani Railways, Ukrainian Railways.

Transportation of both 20- and 40-foot universal and specialized containers, and road trains (contrailers) at special preferential rates, which are established by the administrations of railways.

Connection with Black Sea ports:

Container service:

Istanbul: MSC, Arkas, Admiral, Zim lines

Poti: Arkas lines, CMA-CGM

Varna: Arkas, ZIM lines

Ferry:

Istanbul: RO-RO service "Stena SeaLine"

Varna, Poti, Batumi: Navigation Maritime Bulgare, Ukrferri.

Connection to Baltic ports and extension of the route to Scandinavia:

- RO-RO line "DFDS SEAWAYS"

- Containerships service

Train operators:

PLASKE JSC is one of the operators of the VIKING combined transport train.

One of the new technology for direct ferry service is using a single SMGS consignment note.

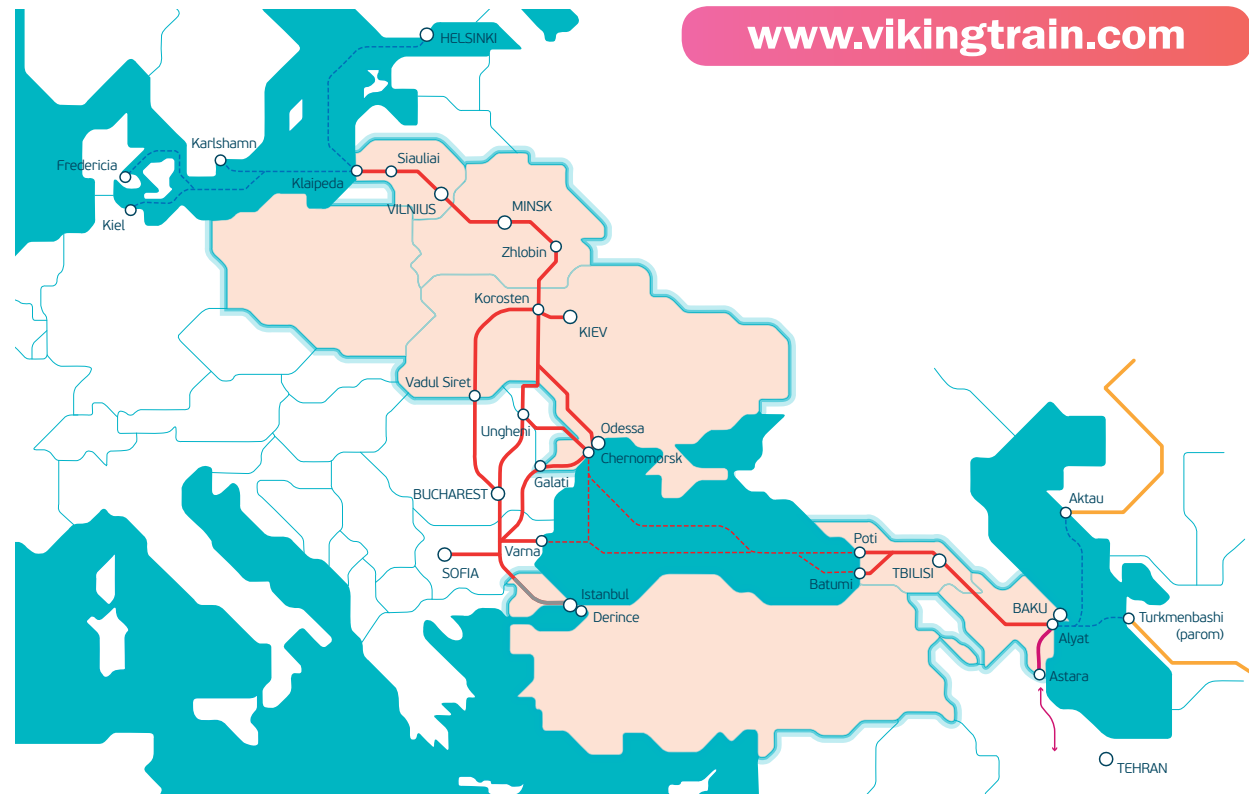


Figure 03. Geography of transport by VIKING Container Train and multimodal transport in direct rail-ferry traffic

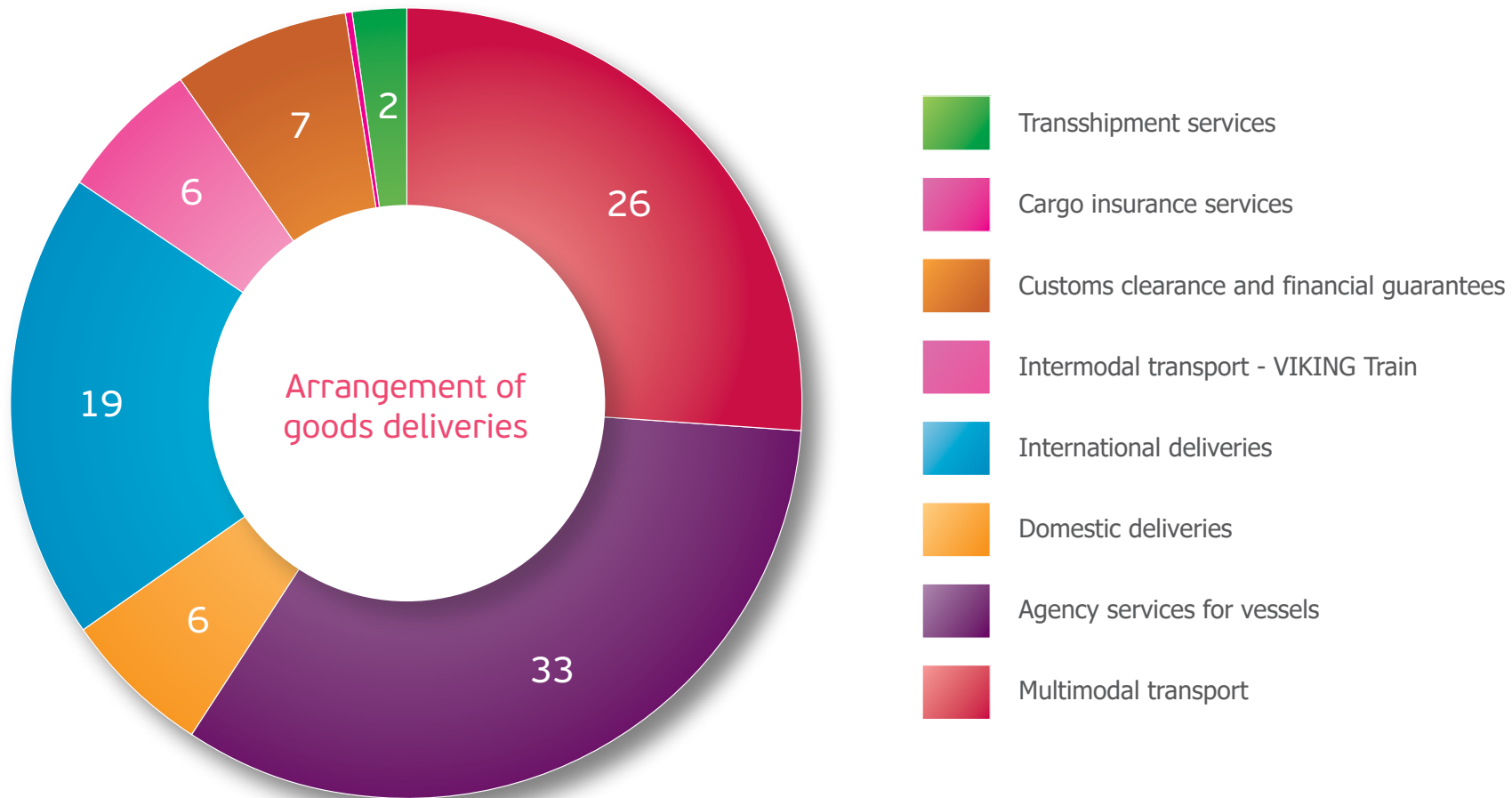


Рисунок №04. Distribution of the services for the arrangement of goods deliveries in 2018, shares, %.

ADDITIONAL ACTIVITIES ○

Travel services and Vocational Training are additional areas of our business activity, which we offer to our customers as part of our core product line of business. In order to optimize production and reach a new level of sustainable development in 2018, we decided to partially reduce these areas. This allowed us to increase our focus on our core business - freight forwarding. PLASKE JSC retained its presence in this segment of the commercial business, but with a focus on the organization of passenger transport by ferry and as part of the event management.



TRAVEL SERVICES



Current trends in travel management in 2018:

- ✔ Sale of airline tickets all over the world
- ✔ Sale of railway tickets in Ukraine
- ✔ Sale of bus tickets in Ukraine
- ✔ Accommodation and booking of hotels around the world
- ✔ Visa consulting
- ✔ Sale of tickets for cultural events
- ✔ Booking transfers worldwide
- ✔ Excursions and tours management
- ✔ Translation services
- ✔ Insurance
- ✔ Organization of conferences

PLASKE JSC provides all types of travel services

KNOWLEDGE



Photo Gallery: PLASKE JSC employees dealing with vocational training.



List of vocational training programs:

In travel management:

- ✓ Introduction to Galileo
- ✓ Electronic ticketing in the Galileo system
- ✓ GALILEO + Hotels & Cars Basic Course
- ✓ Basic course on AMADEUS + Hotels & Cars
- ✓ Amazone Central Ticketing
- ✓ Basic course on organizing the sale of passenger transportation by air

In freight forwarding:

- ✓ Training and advanced training of declarants and customs clearance agents
- ✓ Training for international freight forwarders (FIATA Diploma)
- ✓ Supply chain management (FIATA Higher Diploma)
- ✓ Basic course on Air Freight
- ✓ Dangerous Goods by Air (ICAO/FIATA)

In 2018, we provided training of Personnel on:

- ✓ Basic course on AMADEUS + Hotels and cars
- ✓ Basic course on air freight
- ✓ Amazone Central Ticketing
- ✓ Training and advanced training for declarants and customs clearance agents
- ✓ Training for international freight forwarders (FIATA Diploma)
- ✓ Basic course on sale of passenger transport by air

Photo Gallery: Results of the training activities we arranged.



CORPORATE GOVERNANCE

We continue to implement the UN Sustainable Development Goals through our Management System, which involves self-assessment, self-testing, self-tuition, and ultimately, tracking performance indicators. Today, the control process is the basis for the development of our Management System; we have revised and expanded the existing range of indicators in order to ensure the transparency and efficiency of process and personnel management.

The new indicators provide a comprehensive look at our internal processes, and production in general.

In 2018 this year, PLASKE JSC continued its digital transformation. We introduced modern technologies into the management processes, which made it possible to change the approach to management, corporate culture and external communications.

The new technologies showed new solutions for the prompt decision-making processes to face production challenges and to save time as our primary resource. Our Personnel now can perform tasks not only from their workplaces.

In 2019, the Organization's Management System was amended. We redistributed the functions of personnel in the Construction and Control Department to optimize the

training, hiring and management of personnel, and created a new Marketing and Communications Department to promote our products. We hope these changes will provide new opportunities, allow us to meet the challenges of the external environment in a sustainable manner and create new products for the benefit of society.

For efficient management, we use Administrative Technology tools: organising scheme, administrative management scale, system of performance indicators - statistics, weekly planning, strategic planning and management, system of written communications and coordination, financial planning.

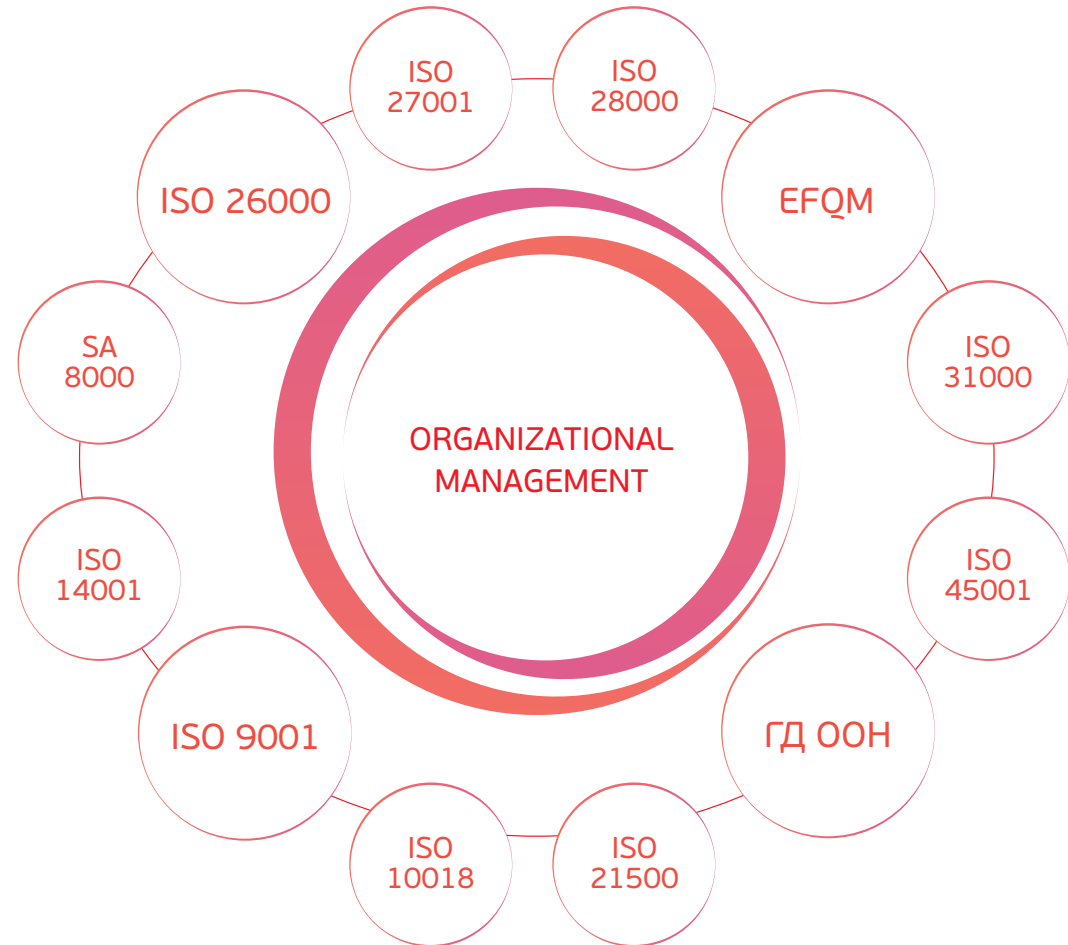
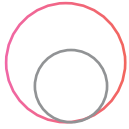


Figure 05. Management System that meets international standards



In 2018, we optimized coordination at the managerial level by organising online meetings to ensure efficient use of working time. There is no need for staff to spend time moving from remote office premises - approximately 1.5 hours per person per day has been saved, which ensured simplicity and convenience of participation in internal coordinations.

In order to get feedback and improve the overall corporate spirit, PLASKE JSC organizes quarterly general meetings of the personnel, where the managers and employees provide their feedback. These general coordinations bring new ideas and recommendations.

Photo Gallery: General Meetings of Personnel, Odessa, Ukraine, 2018



The screenshot shows the EFQM Global Excellence Index website. At the top, it says "EFQM Global Excellence Index" with a navigation path: "Home > Sectors > Transportation / Logistics > Joint Stock Company 'PLASKE'". A central graphic features a "BRONZE IN THE SECTOR" badge, the PLASKE logo, and a map of Europe with a red diamond highlighting the company's location. Text on the map reads "Freight forwarding" and "Freight Forwarding Agency arranges the door-to-door deliveries". Above the map are several award icons and the text "EFQM Recognised for Excellence 4 star - 2017".

Joint Stock Company "PLASKE"
Bronze Leading Organisation for Excellence in the Transportation / Logistics sector

“ The EFQM Global Excellence Index website was launched in 2018 with the support of EFQM, which provides information about the successful participants in competitions among organizations that have chosen the path of sustainable development.

The Index provides an opportunity for organizations to publicly showcase their achievements towards excellence to the European and global community.

The EFQM website has a page with a profile of our Company:
<http://www.globalexcellenceindex.org/organization/676-joint-stock-company-plaske>

EFQM GLOBAL EXCELLENCE INDEX



FOR REFERENCE:

In 2017, PLASKE JSC underwent an independent expert assessment of its activities according to the EFQM Business Excellence Model, which is based on the principles of philosophy and the concept of General Quality Management (TQM). The result of the evaluation was the issuance of a certificate of conformity of production with the EFQM Business Excellence Model at the level of "four stars".

FINANCIAL STATEMENTS

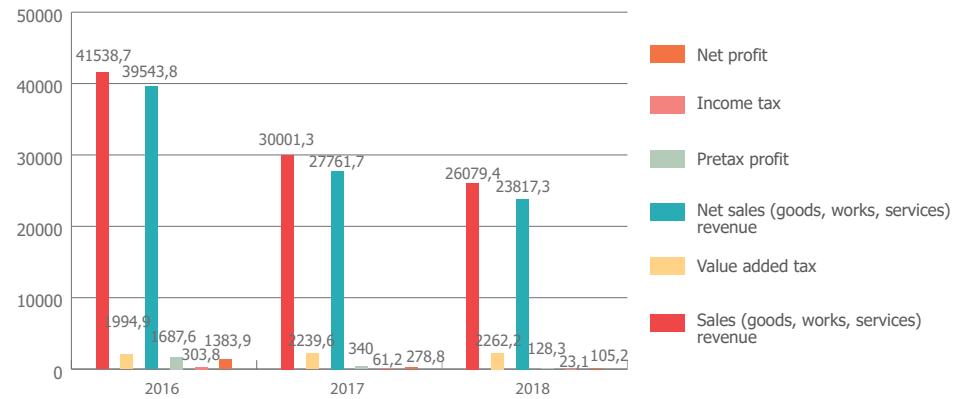


Figure 06. Financial statements for 2016-2018, UAH thousand

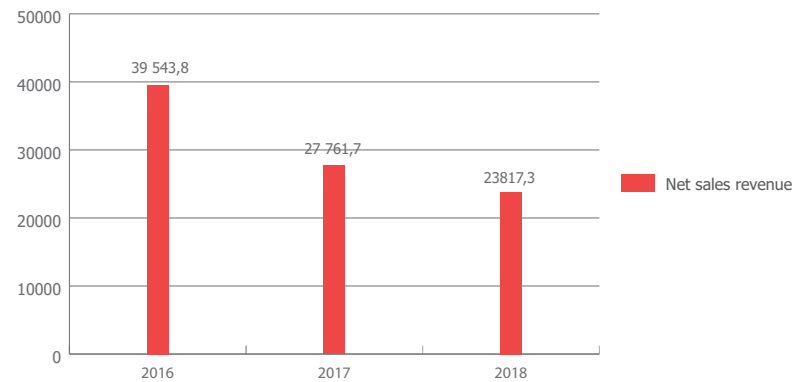
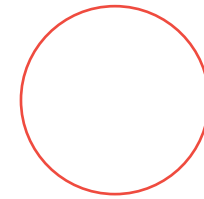


Figure 07. Net sales revenue (excluding VAT), 2016-2018, UAH thousand



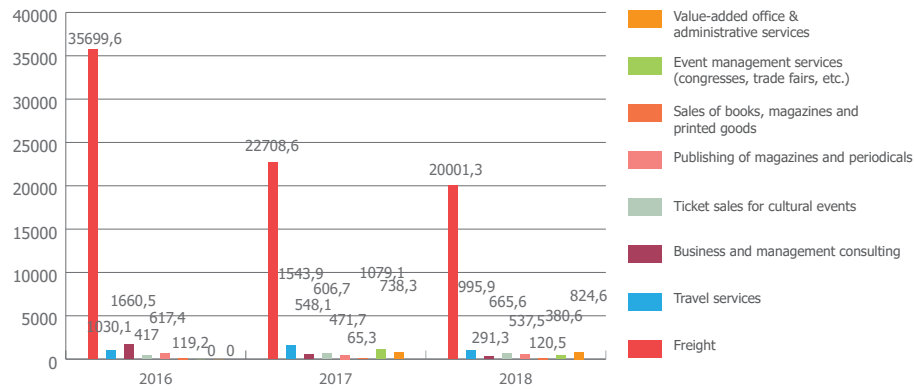
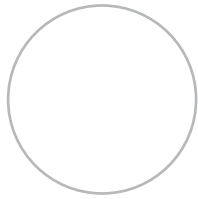


Figure 08. Sales of goods, works, services (excluding VAT), 2016-2018, UAH thousand

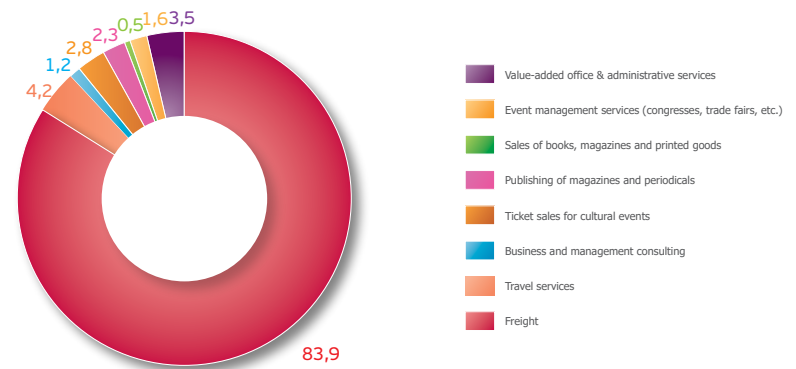


Figure 09. Operating expenses, 2016-2018, UAH thousand

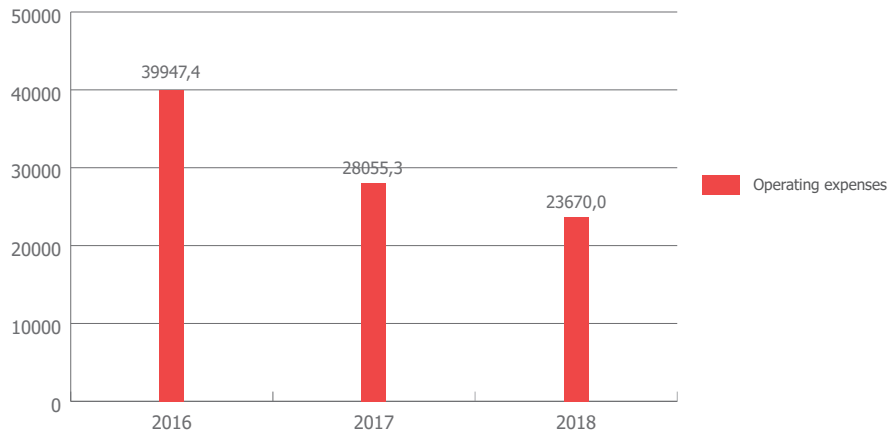


Figure 10. Operating expenses, total data, 2016-2018, UAH thousand

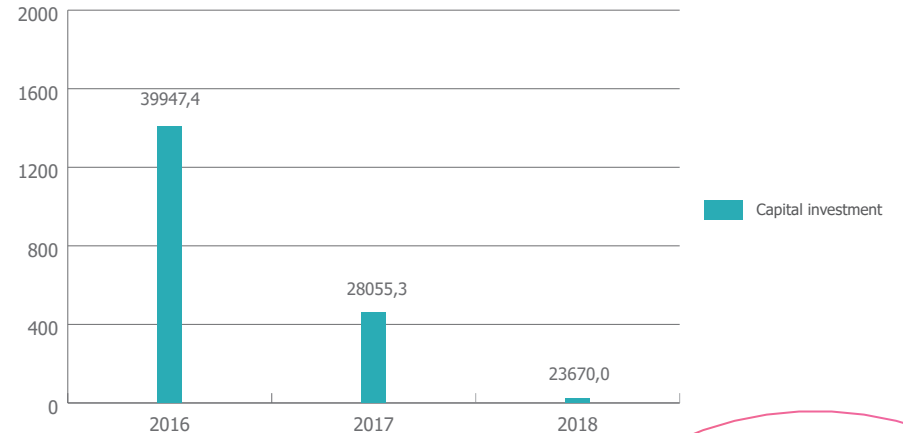


Figure 11. Capital investment, 2016-2018, UAH thousand



LABOUR RELATIONS^o

HUMAN RESOURCE MANAGEMENT

We achieve efficiency improving the level of staff competence.

When hiring personnel, special attention is paid to the level of qualification of specialists meeting the requirements of the market. In 2018, we optimized the number of employees through the use of internal reserves.

In order to improve the Organization's performance, including its personnel policy, in 2018 we conducted a global survey of the level of personnel's involvement in the processes, which allowed us to evaluate the level of employee satisfaction and identify opportunities for further improvement.

In 2018, we started to re-evaluate our overall and individual performance management programs, from setting targets and assessing their achievement to implementing motivational rewards and incentives.

The current remuneration system is aimed at ensuring a decent level of remuneration for labor and remuneration for successful results - strengthening the link between the material remuneration of an employee and his or her performance.

Mechanisms have been developed to link the amount of material remuneration to the results achieved.

Introduction of a system of periodic review of the employee's remuneration level based on the results of personal efficiency. An important component of the policy in relation to the personnel is professional development and competence development.

We maintain an ongoing dialogue, providing a system of internal communications.

In regard to human resources management, PLASKE JSC is guided by the international and Ukrainian legislation, recommendations of the ILO, principles of the UN Global Compact and the SDGs, which define the personnel management policy

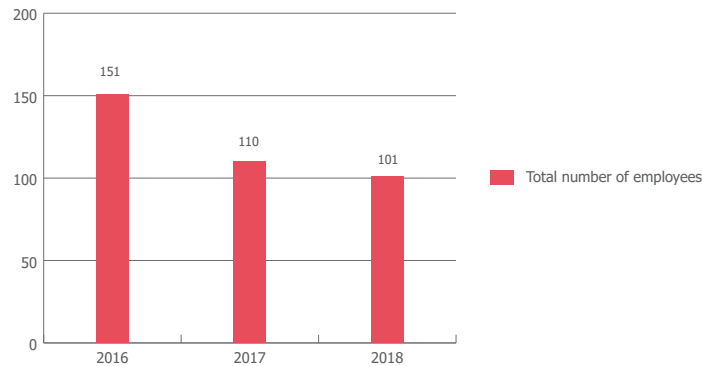


Figure 12. Total number of employees by the end of the year, 2016-2018, people.

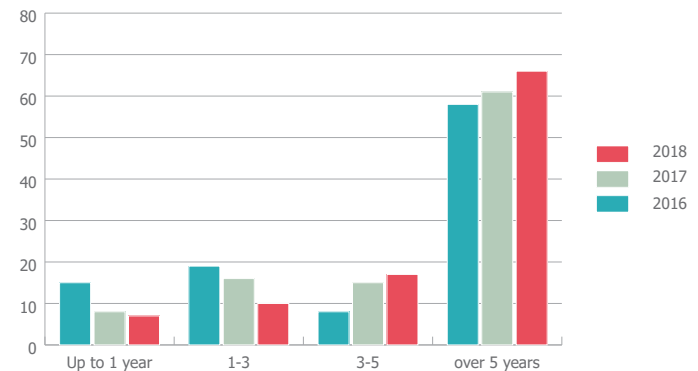


Figure 13. Time record and seniority, 2016-2018, %.





LABOUR MARKET ACTIVITY ○○○

PLASKE JSC understands the importance of determining the future path and choice of profession for young people, so our representatives take an active part in job fairs, primarily held in universities.

These events highlight the programs implemented by the organization for adjustment of new candidates and further professional development. For a significant share of our staff PLASKE JSC is the first place to work, and we know for sure about the importance of comfortable adaptation in our team, especially for young people.

The new working environment and the new team should not be an obstacle to the self-

fulfillment. To this end, we have developed and implemented a system of internships and induction, which allows the candidate to learn the rules of our Organization, get acquainted with the team and introduce himself or herself to future colleagues.

Each candidate gets a mentor, who accompanies him or her during the training and induction. The final stage includes an assessment of the candidate's knowledge and skills acquired.

In case of successful assessment, a new employee is registered under a temporary employment contract, which allows him or her to demonstrate his or her competence in the

production processes. Candidates are selected on the basis of the group selection principle, which includes several stages, each of which provides an opportunity for candidates to demonstrate their knowledge, competences and expectations.

The stages vary depending on the vacancy, but include both oral communication with the relevant managers and a written exam assessing the knowledge required for future work. In today's environment, when the speed of making decisions comes to the fore, one of the most important competences is high learning ability, flexibility, versatility and mobility.

We create conditions for increasing the level of intellectual potential, interest in its continuous growth through professional development, including through the exchange of experience between the existing managers and young professionals.

Figure 14 shows data on personnel recruitment in 2018.

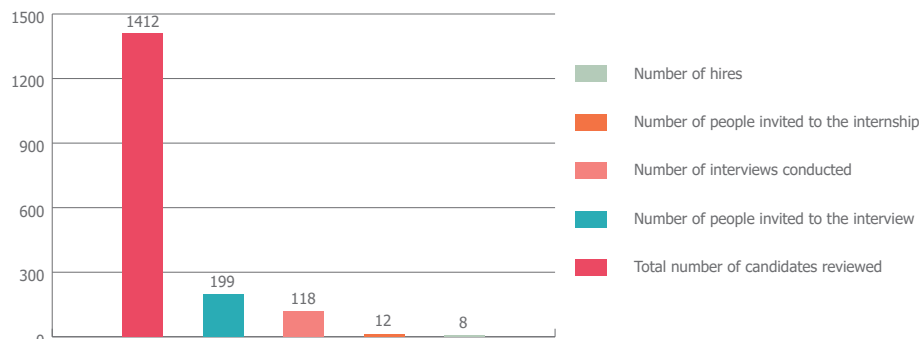
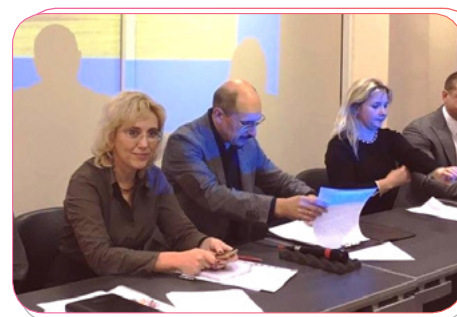


Figure 14. Selection of personnel for vacant positions, 2018, pcs.

Photo Gallery: PLASKE JSC takes part in job fairs, Odessa, Ukraine, 2018



HUMAN RIGHTS ○



Human Rights

Supporting and respecting the protection of human rights, freedom of association and the right to collective bargaining while preventing human rights violations is one of the priorities of PLASKE JSC.

Today, these values form the basis of our management and business culture. The Organization's policy aimed at respect for human rights applies to our Personnel, Consumers and Partners. Since 2008, as a member of the UN Global Compact, we have committed to align our operations and strategies with the first three UNGC human rights principles.

Non-discrimination and non-infringement

of human rights and freedoms mean equal career opportunities for our staff.

Regardless of gender, age, nationality, religious beliefs, and other attributes and expressions of individuality, PLASKE JSC first and foremost values competence, productivity and ethics in people.

In order to monitor and evaluate the observance and protection of human rights, we have introduced and maintain management tools defined by our corporate policy, which help to prevent the negative impacts on human rights (Figure 15).

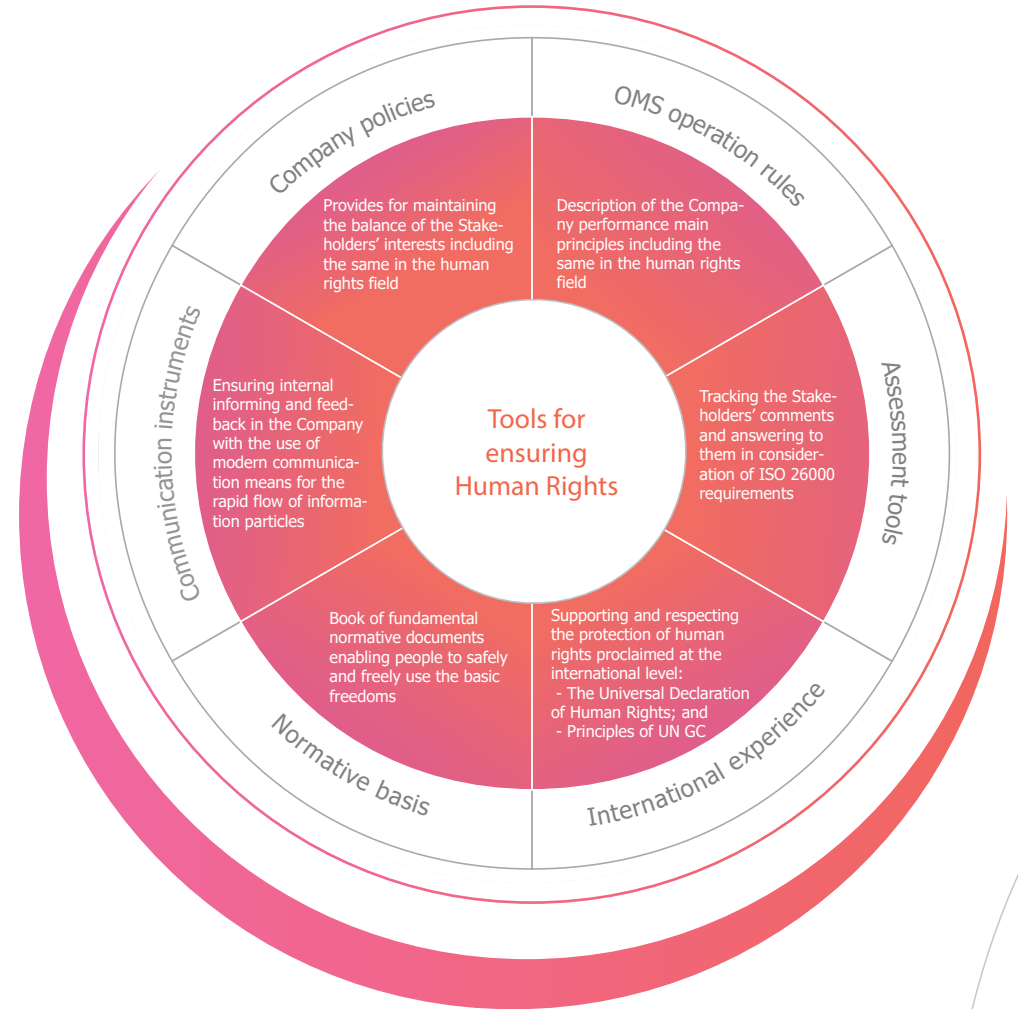


Figure 15. Management System tools supporting human rights



Figure 16A. Gender balance within the executive positions, 2016-2018, people

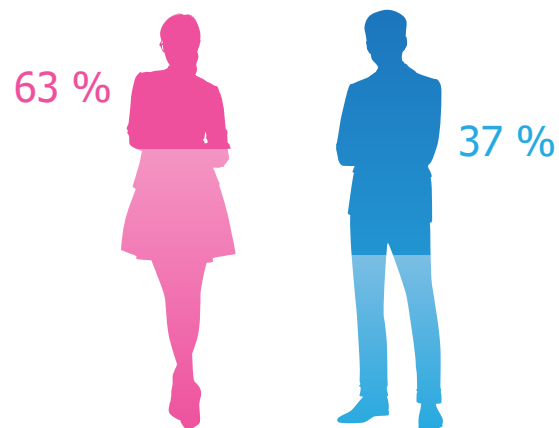


Figure 16B. In total, by the end of 2018 more than 63% of the total number of our employees are women.

The data collected in 2018 as compared to 2016-2017 demonstrate the implementation of SDG 5 on the balance of gender equality of employees in managerial positions, ensuring equal opportunities for men and women and equal opportunities to lead (Figures 16A-16B)

The age structure of the staff is mainly evenly distributed. We have a fairly young team - the main share is in the age group from 31 to 40 years old.

Further, the age structure was equally distributed among the Staff with the age from 21 to 30 years and over 50 years (Figure 17).

The selection for vacant positions in 2018, as before, showed no age restrictions, and equal terms for all.

According to the data, the number of employees up to 20 years has decreased as higher education institutions have strict attendance rules for students from 1-3 courses.

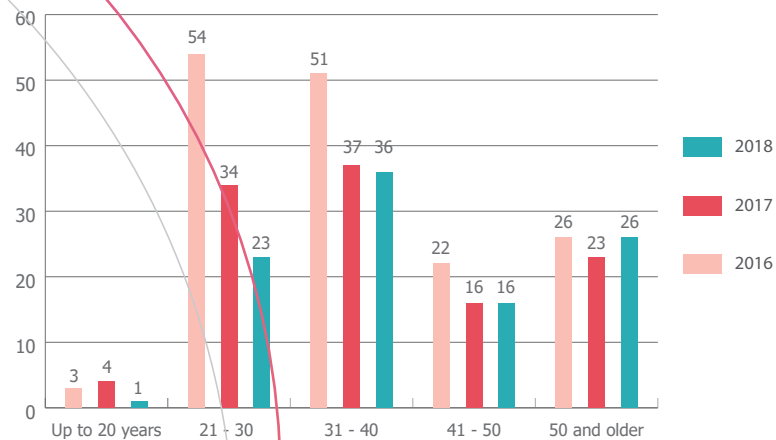


Figure 17. Age structure of employees, 2016-2018, %.



VOCATIONAL TRAINING ○

In today's world, the knowledge, skills and abilities of staff may not be sufficient to meet the objectives and strategic goals of the business community.

This issue is particularly relevant in rapidly changing and a highly competitive environment and the ever-increasing demands for implementation and participation in many processes. The competence of the Organization depends, first of all, on the level of personnel training - their knowledge of the legislation, rules and terms of sale and provision of various types of services, which determine the level of customer satisfaction and form the company's image in the market.

That is why the training and development of personnel is one of the priority tasks for us. High competence in the performance of tasks on which it is necessary to work diligently and daily distinguishes the Organization.

PLASKE JSC offers a number of training programs for our personnel. These programs are implemented in the framework of cooperation with FIATA, ICAO, OSJD. To this end we involve experts and specialists, cooperating with the leading universities of Ukraine, the best transporters and freight forwarders, specialists from the Odessa regional branch of Ukrainian Railways, Odessa Customs under the State Fiscal Service of Ukraine, specialists from commercial banks

and insurance organizations, consultants and experts from freight forwarding and logistics associations.

In 2018, the need to improve the Personnel's knowledge level was mainly met through external activities (Figure 18, 19, 20).

It should be noted that many of them were organized on the basis of PLASKE JSC, which allowed, due to external demand, not only to expand the knowledge of our employees in certain areas, but also to bring income to the Organization.

In 2018, 34 employees were registered in 32 training events: 95 engagements including training, development, participation in industry conferences, seminars, webinars and forums.

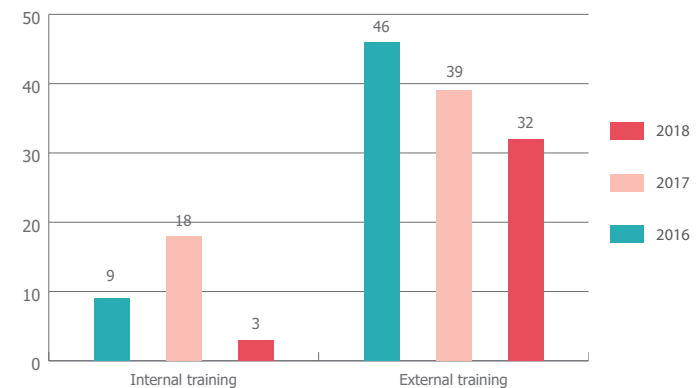


Figure 18. Vocational training activities, 2016-2018, quantity

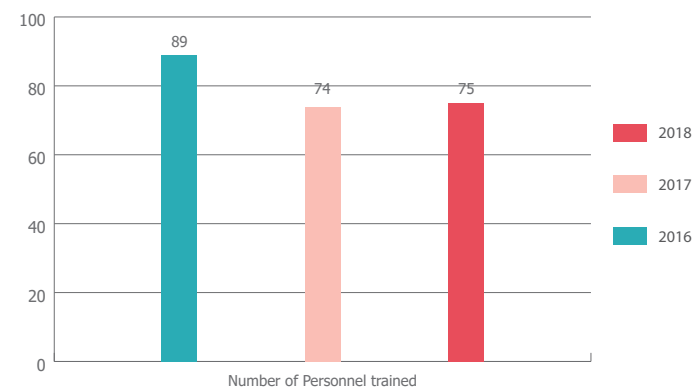


Figure 19. Number of Personnel trained, 2016-2018, people

DISTANCE LEARNING ○○○

In 2018, we have improved the platform for the Information and Electronic System for Distance Learning (IESDL). We have examined the possible threats and risks to information security management in accordance with ISO 27001.

IESDL is now hosted on the Organization's server, taking into account all information security requirements and standards. We have carried out some work to reform the entire system and today it allows for remote training from both personal computers and mobile devices.

In autumn 2018, a combination of IESDL with an external online broadcasting system and

recording of video materials became a good practice.

Using these advanced technologies, we now can train the Personnel distantly, and gained an experience in conducting a course for our customers.

IESDL allows us to conveniently, efficiently and effectively acquire knowledge and undergo testing in any place using an electronic mobile device and Internet access.

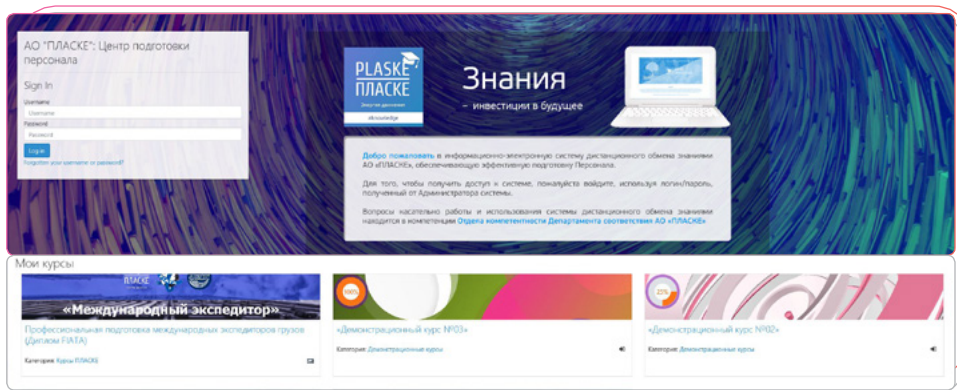


Figure 20. Information and Electronic System for Distance Learning (IESDL) of PLASKE JSC

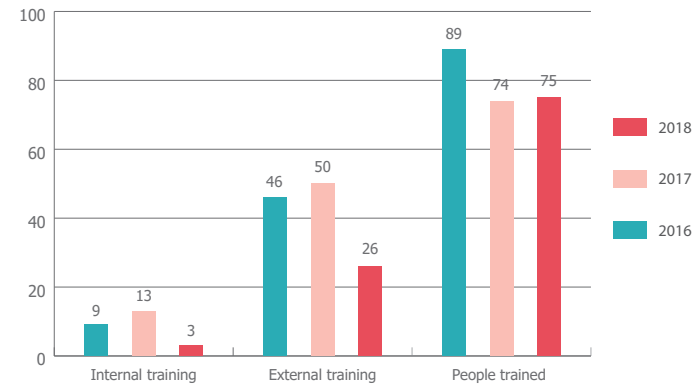


Figure 21. Vocational training and professional development, 2016-2018, number of activities, people.

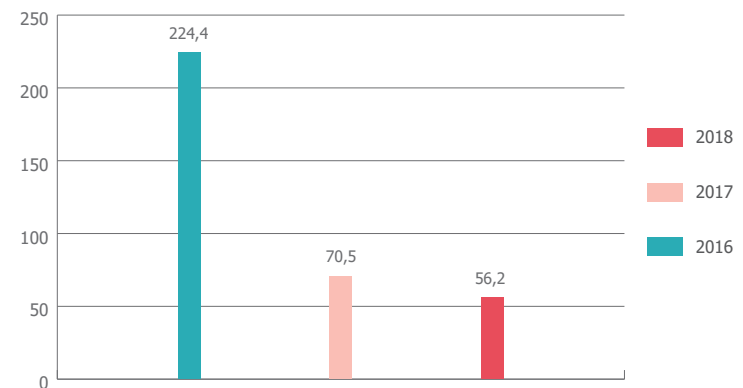


Figure 22. Investments in vocational training for our personnel, 2016-2018, UAH, thousand

SUPPORTING YOUNG PERSONNEL ○○○

Dramatic changes in the market caused by the external environment create the need to develop and improve people's knowledge and skills. PLASKE JSC encourages the initiative of the employees for independent professional development by means of obtaining basic or additional higher education and provides an opportunity to combine education with daily work activities, establishing individual working hours within the framework of labor legislation. Figure 22 shows the statistics of employees who had practical training while studying

COMFORTABLE AND SAFE WORKING CONDITIONS ○

The most crucial factor influencing health and safety is production and technological conditions of work. Since we offer no hazardous production, the main factor affecting safety is the workplace, PLASKE JSC provides the most comfortable and safe conditions for its Personnel.

Occupational health and safety is ensured in accordance with the requirements of national and international standards and regulatory documents. In 2018, we revised and updated the rules concerning health and safety regulation and fire safety in line with the new ISO 45001 standard issued in 2018.

In order to ensure comfortable and safe working conditions for employees, our premises offer cafeteria and unrestricted access to the drinking water (Figure 24).

Cleaners systematically provide sanitary-hygienic working conditions for the staff and customers.

In order to preserve the health of employees, the necessary level of lighting is ensured, and preventive measures are taken to ensure the efficiency of air-conditioning and ventilation systems. Our Occupational Safety Service carry out explanatory work on preventive actions to preserve the health and efficiency of personnel.

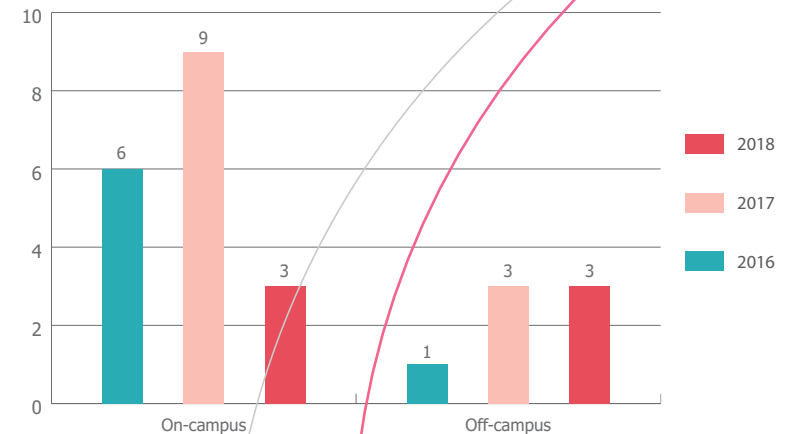


Figure 23. Number of students who combined work and lectures, 2016-2018, people

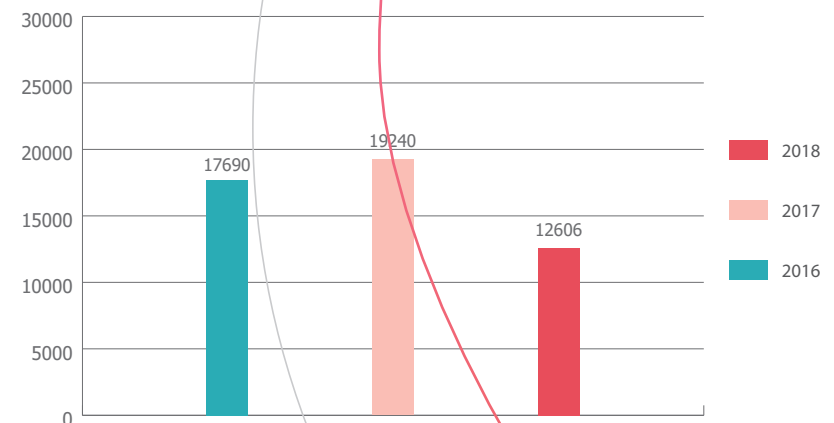


Figure 24. Purified drinking water for personnel, 2016-2018, l.



TRADE UNION ○○○

In a highly competitive environment, PLASKE JSC pays great attention to social accountability issues.

The role of the PLASKE trade union is to protect the rights and interests of our employees, to implement significant social programs contributing to the sustainable development of the personnel within the Organization.

PLASKE trade union ensures favorable working conditions, recreation, sport activities and social security. In order to achieve its objectives, the Trade Union and the employer signed a Collective Bargaining Agreement, which sets out all the obligations of both the Organization - the employer and the people - the Personnel. Under the terms of the Collective Bargaining Agreement, the Trade Union protects the rights of our Personnel, monitors compliance with labor laws and the implementation of the Collective Bargaining Agreement.

As regards the labor relations PLASKE JSC is guided by the current Code of Labor Laws of Ukraine, the Conventions of the International Labor Organization and the United Nations, the Principles of the UN Global Compact, the provisions of ISO 26000, ISO 10018, Investors in People and SA 8000:

Under the terms of the Collective Bargaining Agreement, the Trade Union protects the rights of our Personnel, monitors compliance with labor laws and the implementation of the Collective Bargaining Agreement

- ✓ We have developed, implemented and maintain the social responsibility management system (SA8000), occupational safety and health management system, which meets the requirements of the Law of Ukraine "On Occupational Health and Safety" and ISO 45001 standard.
- ✓ We do not apply and support any discrimination during employment, remuneration, access to training, promotion, termination or retirement, regarding race, nationality, religion, sex, union membership, political beliefs or disability
- ✓ New Personnel is not required to place any money on deposit. The remuneration is based on the "Regulation on Salary" subject to the requirements of legislation in force. Remuneration is based on the Regulations on Remuneration of Labour, taking into account the requirements of the law. Wages are paid regularly within the time limits established by the Collective Bargaining Agreement. Wages paid exceed the minimum subsistence level established in Ukraine
- ✓ We ensure the reasonable working hours - 40 hours a week with weekends. We involve employees to overtime only in exceptional cases agreed with the trade union and for no more than 120 hours per year.
- ✓ Each employee is provided with annual paid leave for 24 calendar days, as well as with additional paid leave and leave without pay. Special monetary assistance for recovery during vacation is paid.
- ✓ We do not apply and do not support the use of forced labor. We do not apply and do not support the use of child labor. No unethical behavior that constitutes a threat, insult or exploitation is encouraged.
- ✓ Each employee has the opportunity to have the extra day off on the day of his/her birthday

Photo Gallery: General Meeting of the Personnel, Odessa, Ukraine, June 2018



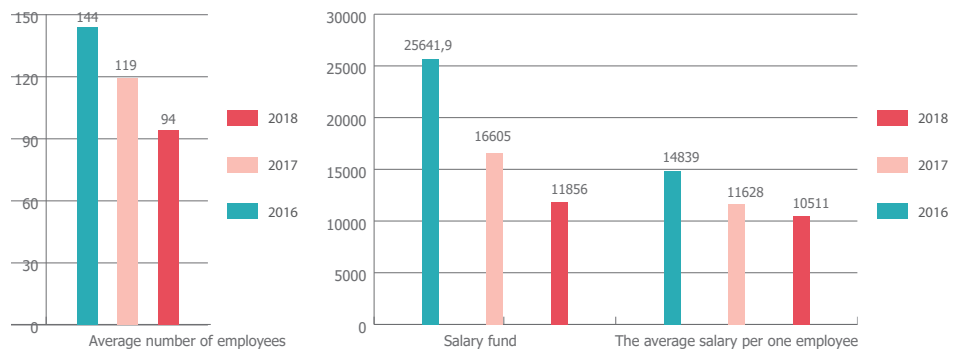


Figure 25. Salaries and rewards in 2018, people, UAH.

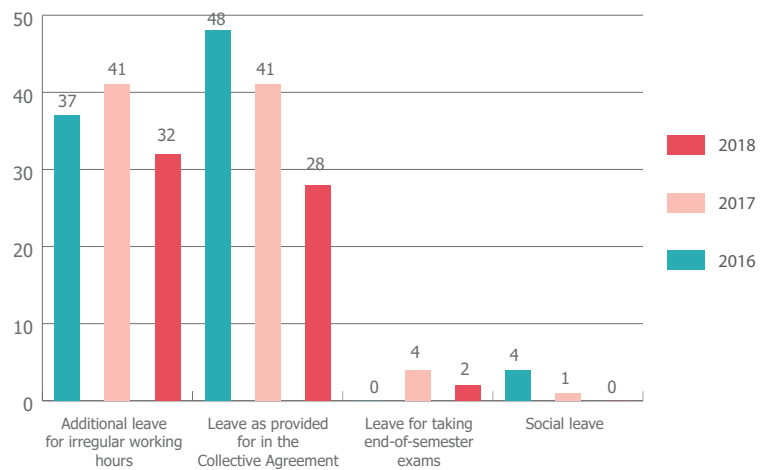


Figure 27. Additional leaves taken by our employees, 2016-2018, days

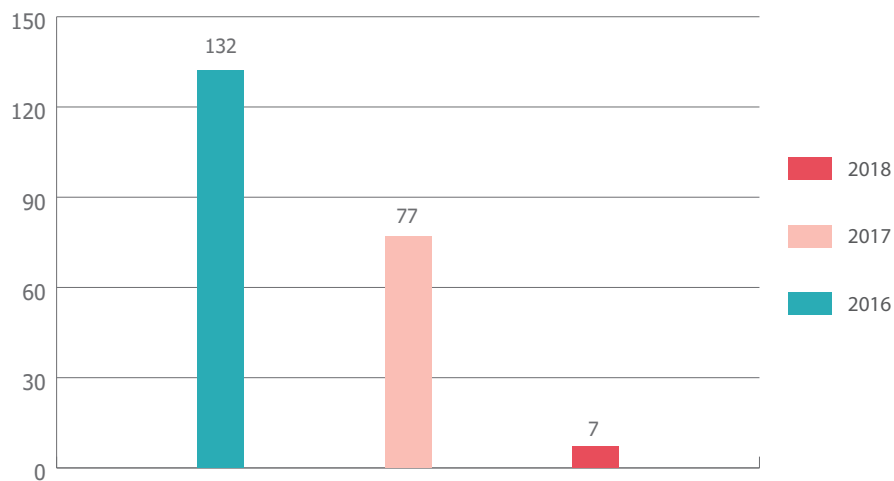


Figure 26. Number of people who received financial assistance, 2016-2018

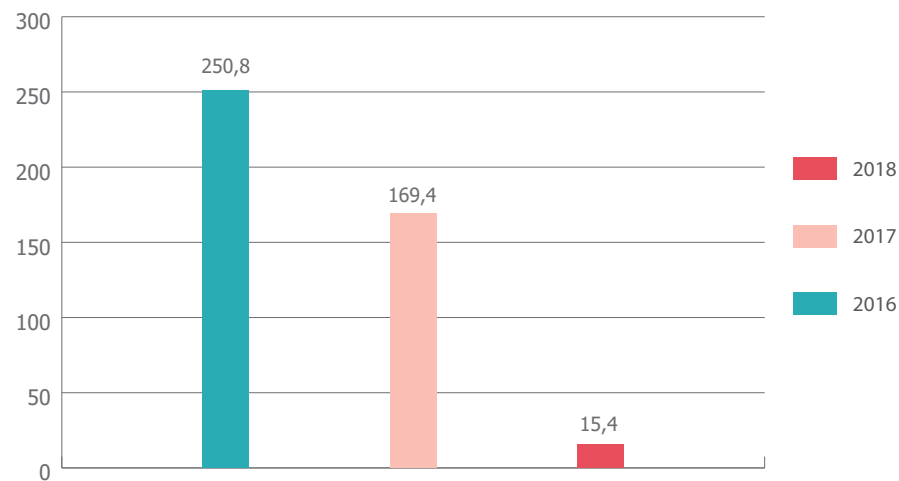


Figure 28. Financial assistance provided to our employees, 2016-2018, UAH, thousand

BEST NEW YEAR'S DECORATION AWARD ○○○

In December 2018, at the initiative of the team, we arranged a contest for the best festive New Year's decoration. The main task was to create a cozy New Year's atmosphere at the workplace at the workplace.

Our employees showed their creativity and, thanks to the competitive spirit, a lot of talented works of art were revealed, so that it was

very difficult to choose the best decorations. Based on the results of open voting on the Organization's Portal, the winners of the competition were determined (Compliance Department took the first place), and other contestants received runner-up prizes.

The main task was to create a cozy New Year's atmosphere at the workplace

Photo Gallery: Contest for the best New Year's decoration



CELEBRATING PLASKE'S 20TH ANNIVERSARY ○○○

“ In 2018, PLASKE JSC celebrated its 20th anniversary.

We recalled the times when our Organization was established and organized a thematic party in the style of the 2000s, entitled "Eternal Youth."

In a warm circle, the most dedicated people - the employees who are committed to the work in the Organization and have been working here for many years - were recognized. Thus,

we awarded those who had worked for 10, 15, 20 years in our Organization.

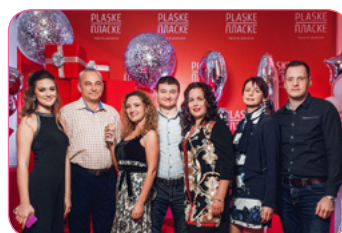
There were funny contests and dancing. To celebrate the 20th anniversary of PLASKE JSC we invited the staff of LLC "PLL 33-35."

Every year we celebrate the most outstanding people. This year, offered the following nominations and winners,

according to the results of the general online voting through the electronic portal:

- "Company Soul" - Sergii Stoianov
- "Constructive Person" - Roman Mardar
- "Engine of Progress" - Inessa Platonova
- "Algorithm Person" - Yelena Bondarenko
- "Example to Follow" - Oleksandr Zadorozhniuk

Photo Gallery: Celebration of the PLASKE's 20th anniversary



ENVIRONMENT

For more than 12 years, PLASKE JSC has been supporting responsible environmental management and conservation of resources, which is enshrined in the declaration expressed in the principles and approaches to environmental risk management reflected in the Organization's Policy.

Environmental risk management is a part of Organization's current Management System in the field of life safety. It is based on the principle of minimizing the impact on the environment and production processes taking into account the requirements of current national and international legislation regarding environmental protection, recommendations and requirements of international initiatives and standards, including the Constitution of Ukraine, the UN Global Compact, SDGs, ISO 14001.

To track our impact, we use graphs in the form of reverse statistics - the less our impact on the environment, the closer we are to the SDG No. 12 implementation (Figures No. 29-32).

Our activities show no signs of harmful production and do no significant environmental harm.

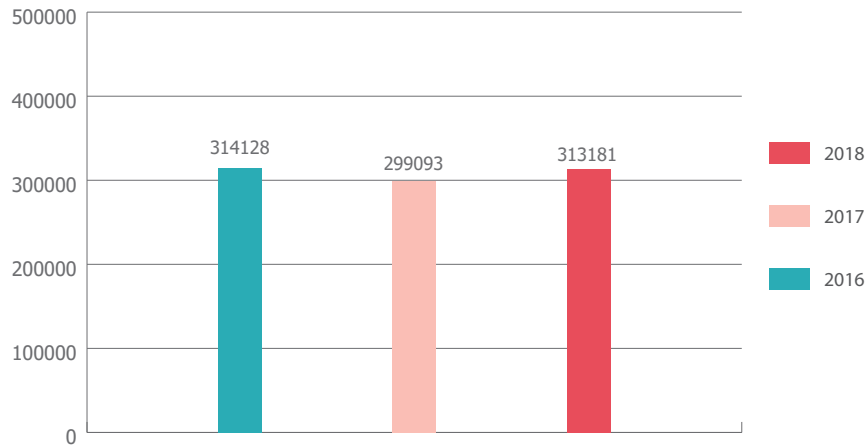


Figure 29. Electricity consumption, 2016-2018, kW/h

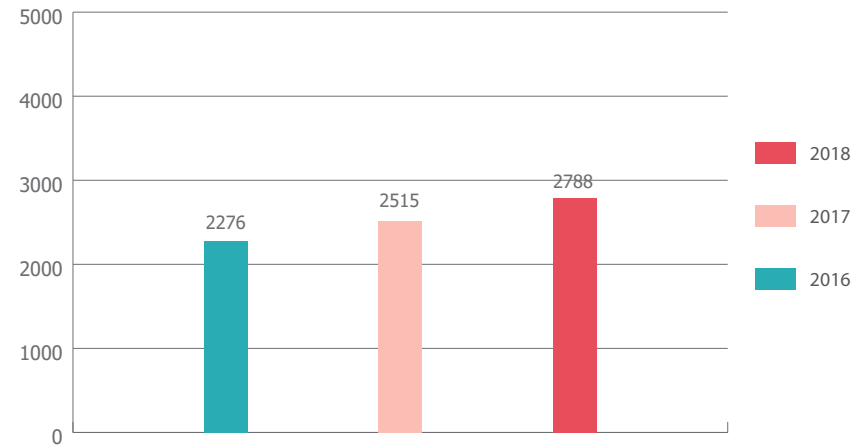


Figure 30. Electricity consumption in the office premises, 2016-2018, 1 person/year, kW/h





To support the SDGs, we apply the following measures to implement the principles of environmental responsibility:

- Continuous monitoring of our environmental impact by recording and monitoring process parameters;
- Preventing negative impacts and improving the environment by using modern equipment that saves energy and water, and waste disposal;
- Reduction and mitigation of environmental risks;
- Promoting the development and dissemination of environmentally safe technologies;
- Rational use of natural resources, raw materials and energy through the improvement of technological processes, in particular, through the reduction of water and energy consumption;
- Implementation of innovations, modern infrastructure and further modernization.

The amount of resources consumed depends on the season and weather conditions (heating, air conditioning), the number of staff, event participants, customers and partners

In 2018, the number of electricity consumed increased compared to 2017 due to longer the winter season, and several national and international events hosted by our premises.

In 2018, the amount of water consumed decreased compared to 2017 due to a decrease in the number of personnel.

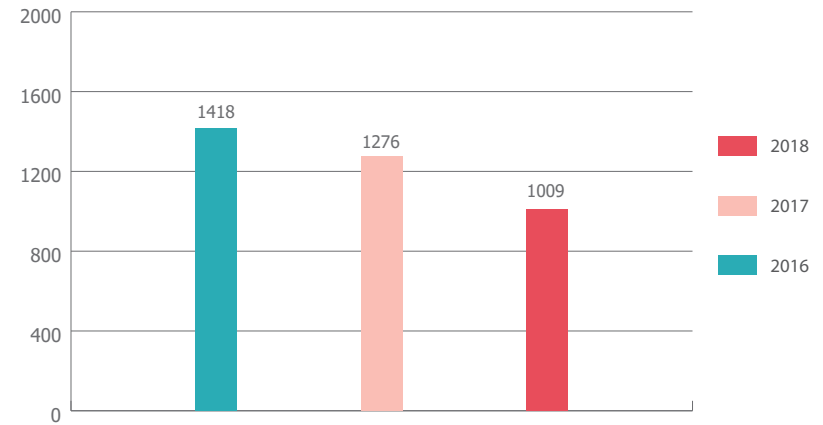


Figure 31. Water consumption, 2016-2018, m³

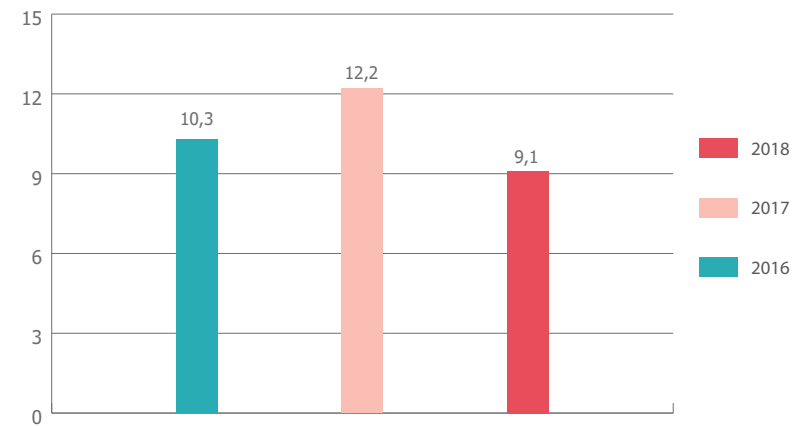


Figure 32. Water consumption in the office premises, 2016-2018, 1 person/year, m³

RECYCLING ○

Recycling eliminates the negative impact on the environment. The list of wastes to be disposed of and further processed includes lamps for lighting of office premises, obsolete office equipment including uninterruptible power supply batteries and paper waste (see the example in Figure 33).

Waste disposal is carried out by collecting, distributing, saving and accumulating waste in

a specially equipped room. Then we send it to the certified processing and recycling services that have been selected by the responsible procurement procedure. The introduction of modern information technologies for the exchange of data has allowed us to reduce the use of paper documents.

The introduction of modern information technologies for the exchange of data has allowed us to reduce the use of paper documents

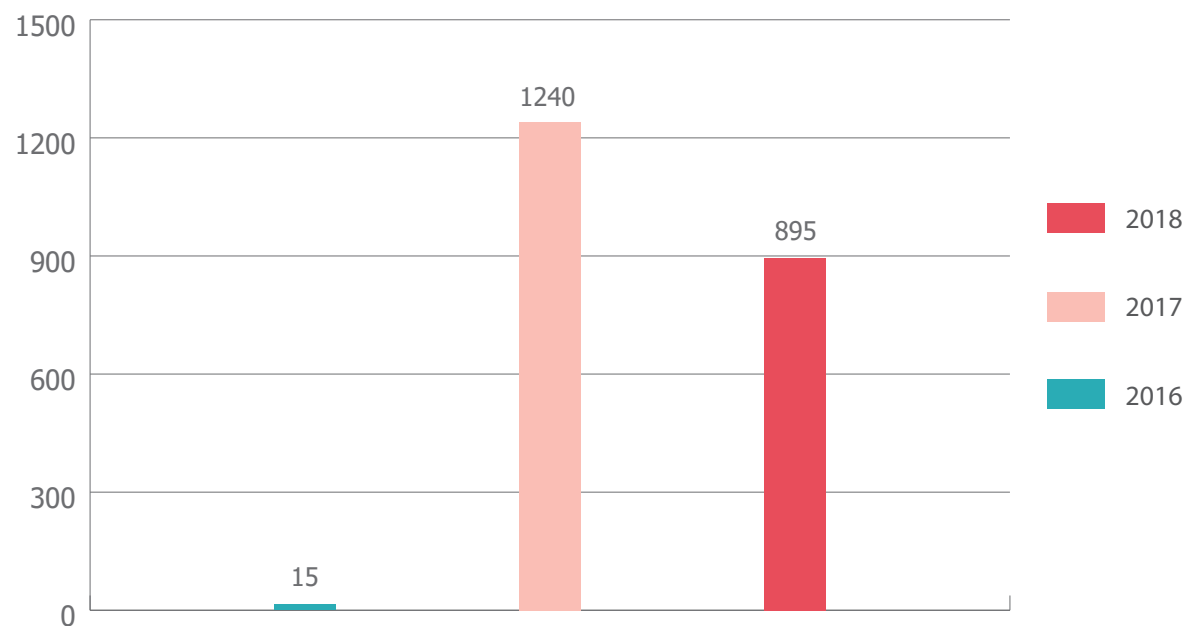


Figure 33. Paper recycling, 2016-2018, kg

ANTI-CORRUPTION MEASURES ^{OO}

PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Since 2010, PLASKE JSC has been actively implementing the main value for the market, i.e. fair business conduct and supply chain security. For this purpose, we have initiated a project to implement the Single Window - Local Solution in the area of the Southern Customs and ports of the Odessa region.

The project is aimed at preventing corruption and promoting deregulation, limiting bureaucratic procedures, ensuring security of the supply chain, standardization and computerization of international trade and transport procedures in the context of Ukraine's integration into European and world markets.

The project resulted in the Port Community Information System (ISPS) in ports of the Region of Odessa.

This technical and organizational system enables the accumulation, verification, processing, storage, exchange and transmission of information and documents in electronic form by means of technical and software tools to the authorities carrying out border, customs and other types of control and clearance of persons, vehicles, goods, including cargo and luggage.

This system complies with the requirements of the legislation on electronic document management and Single window concept in international practice, and recommendations of international organizations concerning the use of electronic records and digital signatures.

The Single Window - Local Solution project is an extremely important measure to combat and eliminate corruption practices, which provides for additional revenues to the state budget and positions Ukraine as an attractive territory for rapid transit of goods

The main achievement is the exchange of legally valid information between business entities operating in sea ports and state controlling authorities, the availability of information exchange between state authorities during control and law enforcement, analysis of the information available for the purposes of statistics, taxation, combating corruption and illegal movement of goods across the borders of Ukraine.

Figures 34-35 show the interaction between supply chain members without ISPS (before it was implemented) and after its implementation.

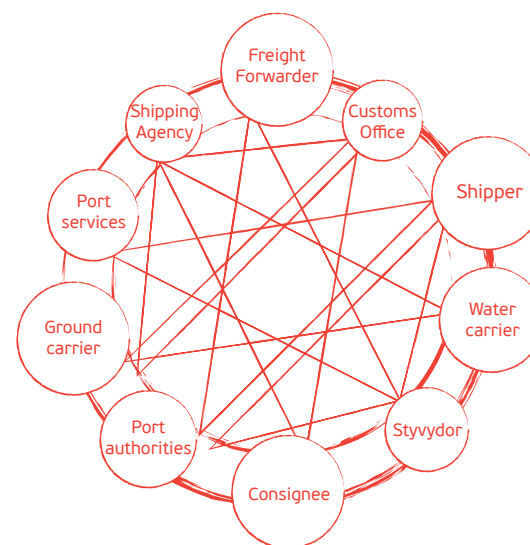


Figure 34. Interaction between supply chain members before ISPS.

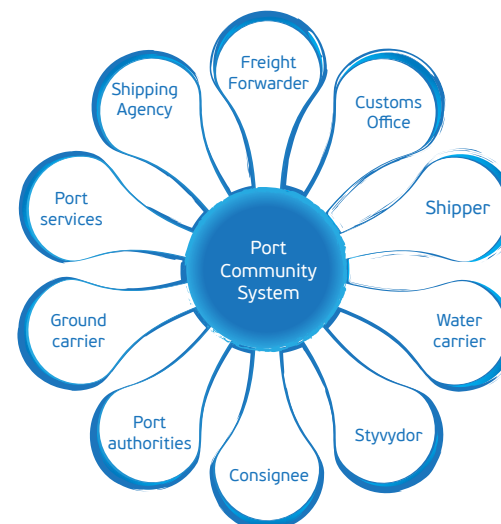


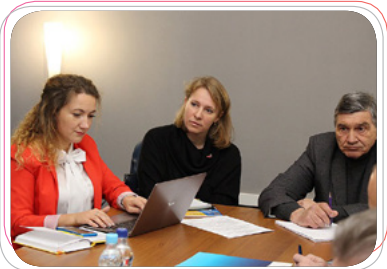
Figure 35. Interaction between ISPS members.



With the support of the Interagency Working Group established to coordinate the project, we regularly take part in joint working coordination meetings, which form the basis for the ISPS project and trade facilitation.

PLASKE JSC organizes training seminars on UNECE Guidelines for the central executive

Photo Gallery: Meeting of the Committee on Trade Facilitation, Digital Economy and Logistics of the Public Council under the Ministry of Economic Development and Trade, Kyiv, Ukraine, March 2018.



authorities of Ukraine, as well as for representatives of the business community.

The seminars provide the Stakeholders with all the necessary knowledge about the ISPS operation in Ukraine.

Photo Gallery: Seminar for the implementation of the Trade Facilitation Agreement, Kyiv, Ukraine, October 2018.



Photo Gallery: Consultation with UNECE on trade and transport facilitation monitoring mechanisms, Kyiv, Ukraine, October 2018.

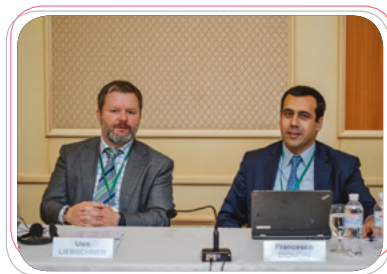


In 2018, the Eighth International Seminar on Trade Facilitation and Single Window "Port Community System and Single Window in Ukraine: Joining the Global Data Exchange System", was held in Odessa as part of the annual International Trade and Transport Week.

The speakers of the event are leading experts in this field. The key topics of the seminar:

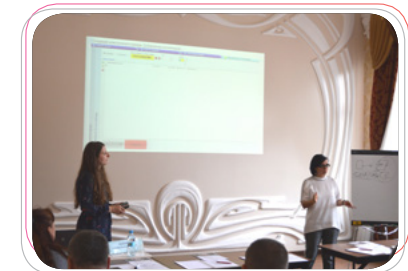
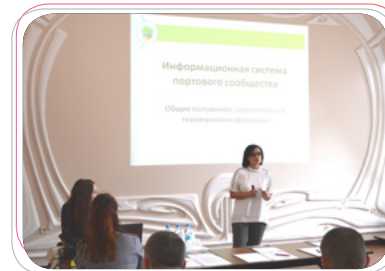
- o progress on the WTO Trade Facilitation Agreement implementation and data harmonization in Ukraine;
- o European data flows, Single Window and port community systems;
- o digital corridors and global data exchange development;
- o global data exchange standards and the latest developments in this area.

Photo Gallery: 8th UNECE International Seminar on Trade Facilitation, Odessa, Ukraine, June 2018.



In 2018 we organized open seminars on the use of ISPS. During the seminars the participants had an opportunity to see the work of the ISPS, including the functioning of the components of the modules, the cargo processing and the regulatory component of the project.

Photo Gallery: Open seminars on the use of ISPS, Odessa, Ukraine, May, June 2018.



ISPS contains 10 modules, which include a certain functionality ensuring comprehensive cargo handling services in accordance with international trade and transport procedures (Figure 36).

ISPS ensures round-the-clock exchange of information with all users, who provide their feedback for improving the work of port community system

Through this process 15 additional and new functions were introduced into in all modules of the ISPS in 2018, including adjustment of the ISPS to the requirements of the Law of Ukraine "On Electronic Trust Services."

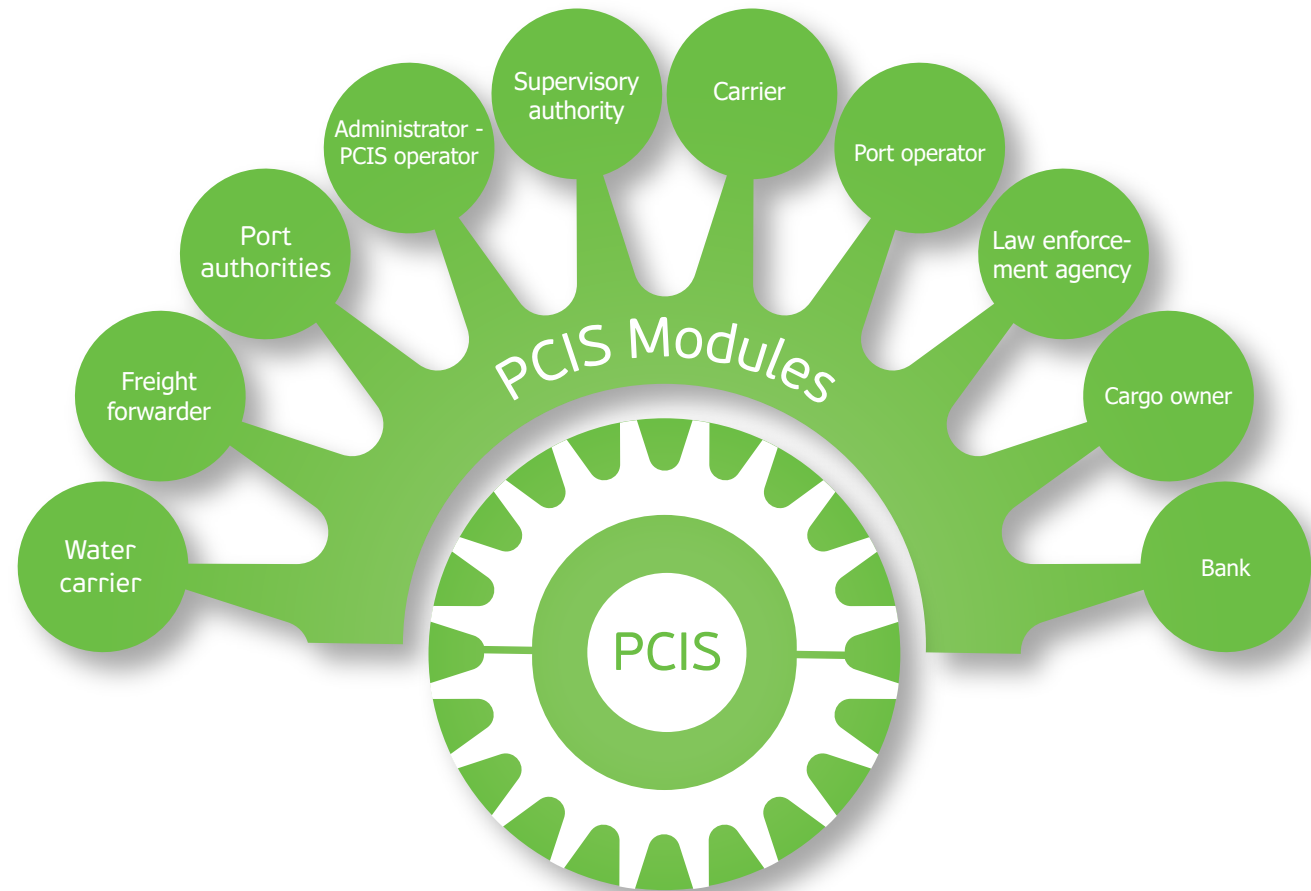


Figure 36. ISPS modules

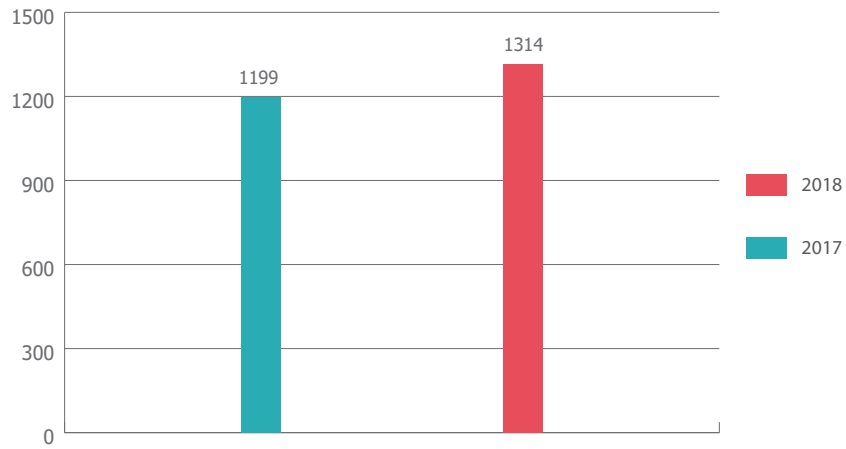


Figure 37. Number of ISPS users, 2017-2018

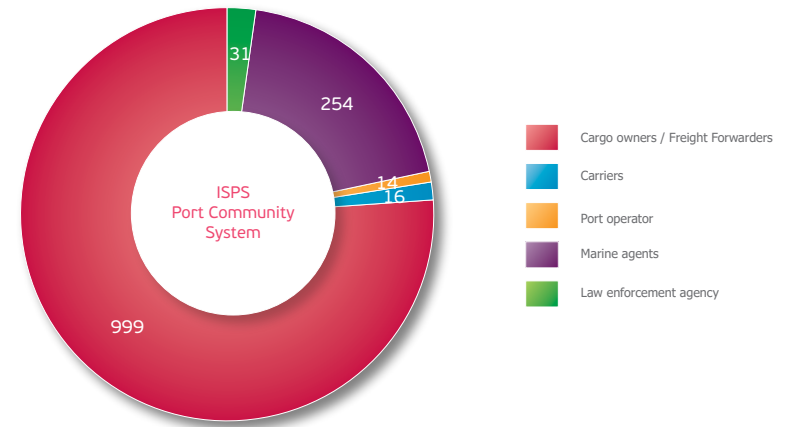


Figure 39. ISPS users on 01.01.2019, pcs.

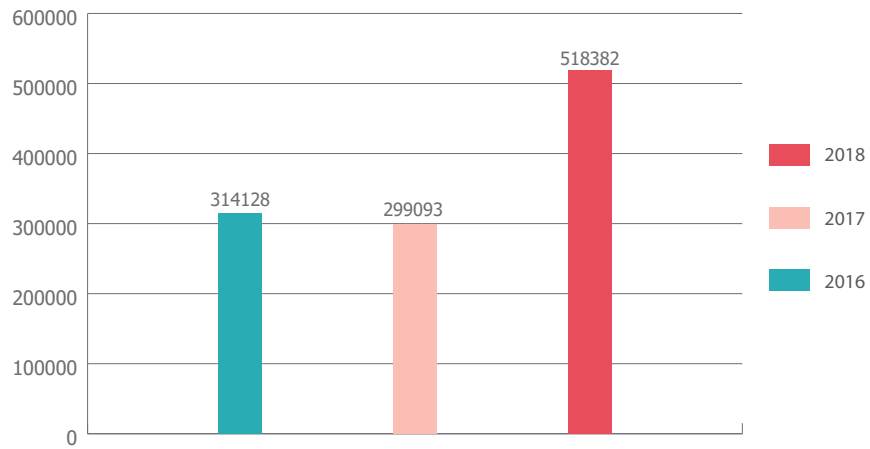
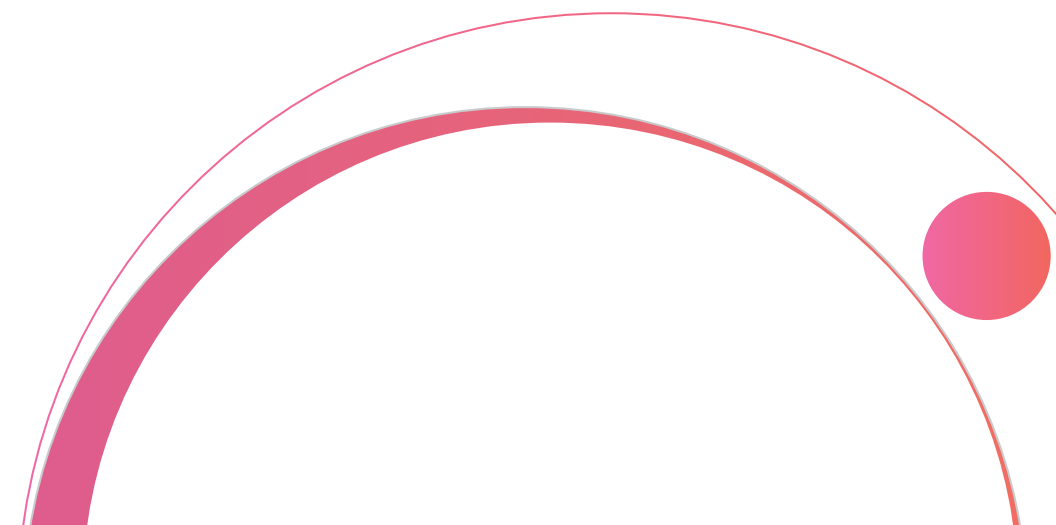


Figure 38. Number of containers handled by ISPS, 2017-2018



SOCIAL PARTNERSHIP PROJECTS AWARD ○○○

Single Window - Local Solution project was highly recognised by the Social Partnership Projects Award initiated by the Global Compact Local Network held in the fourth quarter of 2018.

To participate in the competition, we prepared and submitted a project entitled "Practical Experience in Countering Corruption in Ukraine to Support Peace and Economic Development" for consideration by the international jury from the UN, Lebanon and Switzerland.

At the final ceremony PLASKE JSC was awarded by the "Partnership for Sustainable Development 2018" contest. The ceremony was attended by more than 35 finalists from

Belarus, Georgia, Poland and Ukraine, which presented four categories: "Society" (the winner - "Osvitoria" with the project "iLearn"), "Planet": (winner - Film.ua Group with the project "Mavka. Lisova Pisnya"), "Peace" (winner - PLASKE JSC with the project "Practical Experience in Countering Corruption in Ukraine to Support Peace and Economic Development"), Economic development (winner - "Promprilad. Renovation").

Photo Gallery: Final meeting of the Social Partnership Projects Award, Kyiv, Ukraine, December 2018.



We express our deep gratitude to the Global Compact Local Network in Ukraine for the opportunity to participate in the contest, as well as to our project partners: Odessa Sea Port, USPA, UNECE, ICC Ukraine, UKRZOVNISHTRANS, CLDP, EUBAM

MEMBERSHIP AND PARTNERSHIPS ○○○

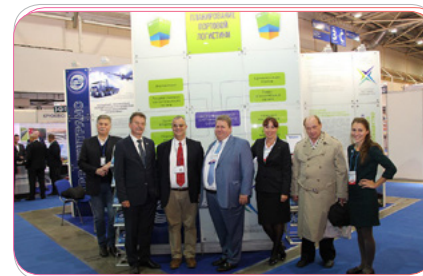
On its way towards SDGs 16 and 17 PLASKE JSC actively participates in international and national associations and organizations, such as FIATA (International Federation of Freight Forwarders Associations), UIC (International Union of Railways), OSJD (Organization for Cooperation of Railways), EBA (European Business Association), ICC (Ukrainian National Committee of the International Chamber of Commerce), TRANSPORT, FREIGHT FORWARDING AND LOGISTICS ORGANIZATIONS IN UKRAINE ASSOCIATION UKRZOVNISHTRANS", Association of Customs Brokers of Ukraine, Ukrainian Association for Excellence and Quality, Odessa Regional Chamber of Commerce and Industry, Port Community Association.

PLASKE JSC, as an affiliated enterprise of the Organization for Cooperation between Railways, takes an active part in the OSJD activities, in particular in the work of the OSJD Commission on Transport Law, OSJD

Commission on Freight Traffic, as well as the Interim Working Group on Vocational Training in Railway Transport, which enables us to take an immediate part in the formation of the transport strategy of the OSJD member railways and to obtain knowledge in rail industry.

Our activities within these associations include participation in events dedicated to solving problems of trade facilitation, development of efficient and safe supply chains, as well as logistics solutions. It contributes to the objectives of building an open society and implementing the objectives of the global partnership

Photo Gallery: PLASKE's activities within associations and organizations in 2018.



With the direct participation of PLASKE JSC the co-operation was started within the framework of the signed agreement between OSJD and FIATA.

Thus, in 2018 a joint OSJD/FIATA seminar was organized in Istanbul (Turkey).

A substantive dialogue was started between the specialists on the practical application and joint use of the OSJD and FIATA documents, namely the SMGS consignment note, CIM/SMGS and the Freight Forwarder's Instructions, Freight Forwarder's Certificate, Forwarders Certificate of Receipt, Negotiable FIATA Multimodal Transport Bill of Lading, FIATA Warehouse Receipt, Shippers Intermodal Weight Certificate, and Shipper's Declaration for Dangerous Goods.

The ongoing work within the framework of cooperation was approved by the

FIATA International Congress 2018 as an important position of the FIATA strategic plan for future periods.

The adoption of the Convention will be an important stage in the OSJD work, which gives an opportunity to handle the key issue on the creation of the Single Transport Law.

In 2018 we took part in more than 50 events organized by business associations of the national level, as well as international organizations.



Figure 40. PLASKE JSC is a member of 12 international associations and organizations

SOCIAL PROJECTS ○○○

For many years, PLASKE JSC has been systematically supporting the social and cultural life of the city of Odessa, while allocating a significant part of its resources to its maintenance and development.

We provide measures of organizational, technical and financial support. In cooperation with our partners and friends - theatres, museums, libraries - we support projects that form a common culture and atmosphere of the city, strengthen its tourist and intellectual attractiveness.

We are proud to be the partner of the Odessa National Academic Opera and Ballet Theatre, the Odessa Literary Museum, the Odessa National Scientific Library, and the World Club of Odessites. In 2018, we took part in several significant city projects.

From August 29 to September 9, 2018, PLASKE JSC supported the 4th Art Festival "Early Autumn in the Odessa Opera" (Figure 41).

It is one of the largest opera and ballet festivals

in Ukraine, promoting the world classical art and our city as the cultural capital of the South of Ukraine.

The traditional Odessa Calendar, which starts with the date of the founding of Odessa city presented on the City Day, in 2018 was devoted to the heritage of the Jewish community in the life of Odessa - the Yevreiska (Jewish) Street (Figure 42).

Continuing to support our long-term projects that have become milestones in the cultural life of modern Odessa, we published the next 4 issues of the literary and art almanac "Deribasovskaya-Rishelievskaya" (Figures 43-46).

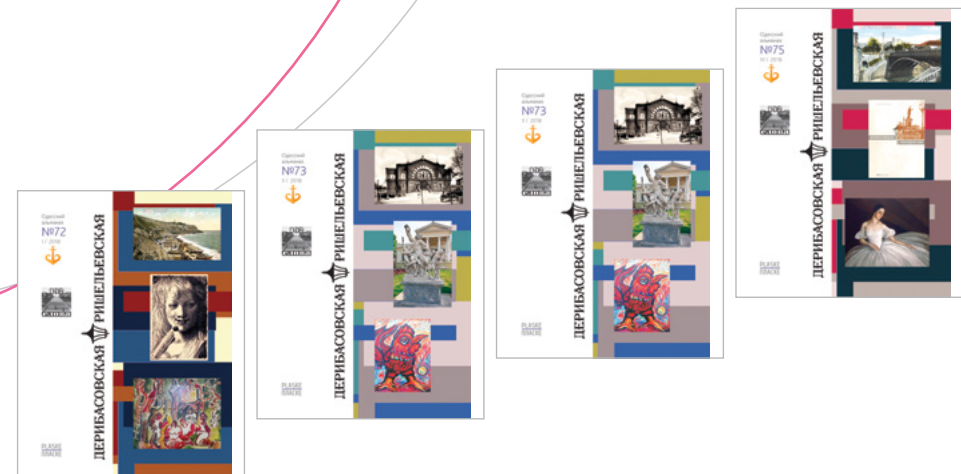
During 2018, within the framework of cooperation with the World Club of Odessites, we supported the initiative to hold the contest "Story in 192 words" (192 is the "sacred" number of steps of the famous Potemkin Stairs in Odessa), the results of which were voiced as part of the Almanac No 75 presentation.



Figure 41. Layout of the poster for the 4th Festival of Arts Early Autumn at the Odessa Opera



Figure 42. Layouts of the Odessa calendar and the booklet, published in 2018



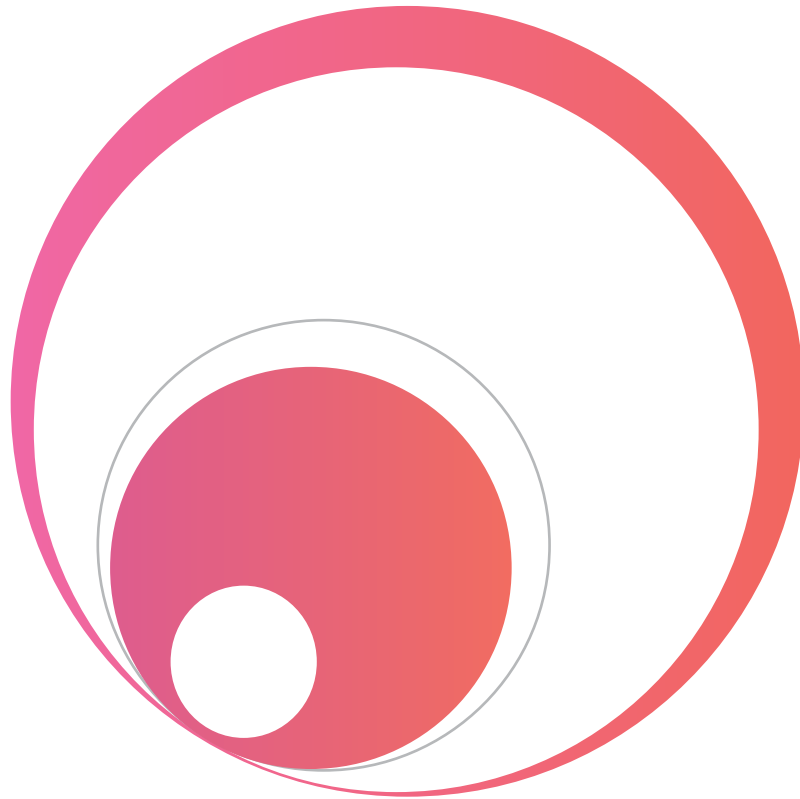
Figures 43-46. Layouts of published issues 72-75 of Almanac "Deribasovskaya-Rishelievskaya" in 2018

DEVELOPMENT STRATEGY [○]

In 2018, we conducted a comprehensive assessment of our processes.

In particular, we focused on operational activities in order to identify new opportunities and review the risks. As a result of this

review, a general strategy was determined aimed at ensuring sustainable development of PLASKE JSC taking into account global trends expressed in the UN Global Compact, the Sustainable Development Goals and the concept of the EFQM Excellence Model.



OUR STRATEGIC TASKS

1. Building a system to identify and promote leaders within the Organization. Development of motivational programs aimed at improving performance and quality of work.
2. Increase staff competence, use of modern innovative approaches to labor rationalization and performance assessment.
3. Improvement of tools in the project approach, using the tools of control and improvement.
4. Strengthening market presence through the development and implementation of multimodal transport projects aimed at expanding the geography of freight. Satisfaction of Customer's requests by ensuring the safety of goods, reducing delivery times and improving the competitiveness at the expense of the fair value of the product.
5. Introduction of process automation and innovative solutions.
6. Making efficient decisions aimed at meeting the Customer's needs through products that meet the established characteristics, ensuring the security of the supply chain, automating and standardizing processes.
7. Active participation in the development of programs for the unification of requirements for shipping and transport documents.
8. Preservation and strengthening of an active position in the social sphere, aimed at the development of society by supporting socially significant cultural projects.
9. Preservation of the environment through waste minimization, use of modern developments aimed at reducing resource consumption.

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
Editorial Board: Oleg Platonov, Liudmyla Platonova, Inessa Platonova, Sergii Sokolov




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Please, do not hesitate to ask questions or leave suggestions to improve this report by contacting the Marketing and Communications Department.

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-  – requirements and recommendations of the Ukrainian national legislation
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