



2018

COMMUNICATION ON PROGRESS

TRANSPORT AND LOGISTICS BULGARIA



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|  <p>UN GLOBAL COMPACT</p> <p>COMMUNICATION ON PROGRESS</p> | <p>This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p> |
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INTRODUCTION

Unimasters is a next generation regional logistics service provider with global reach. We provide freight management by land, sea and air, using a wide range of end-to-end solutions. At Unimasters we take pride in combining history and know-how with startup thinking and innovative approach.

Today's dynamically changing world constantly challenges us to exceed in our services and the ever more demanding customers inspire us to find creative solutions and customized approach. We value each and every client and strive to give them the best service based on their needs. In order to constantly grow, we set the technological trends for the rest of the industry in the markets we operate in, while staying sustainable and respectful towards the environment and our society.

Being an active participant in the UN Global Compact for the last 15 years Unimasters is traditionally 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 2018 - August 2019 we share our recent activities on the important issues enshrined in the UN Global Compact Principles.

STATEMENT OF CONTINUED SUPPORT

Dear Stakeholders,

We work in an industry, which is “on the cusp of disruption”, especially in the last year. Digital technologies are taking transportation and logistics by the storm but the human element is still the most important factor and it will continue to be in the future, despite the advent of artificial intelligence and other game-changing technologies.

For Unimasters change is now continuous and deeply-embedded, making company’s transformation into an environmentally friendly, highly responsible and local societies-supportive enterprise, which plays an active role in sustainable development.

Our teams are growing in numbers, our assets are continually getting “greener” and our obsession with reversing climate change, nature protection, energy saving and smart power-efficient infrastructure is making our people truly proud of their professional and community achievements as well as of their contribution to economy of sharing.

Our Golden Rules include uncompromised safety at work, equal treatment of people, despite their gender, race, nationality or religion and continuous focus on developing sustainable mobility and digitised everything-as-a-service business processes, offering convenience, speed and added value to our clients and partners.

At Unimasters we are trying hard to develop a very successful community of entrepreneurial teams, committed to understanding and leveraging emerging technologies to fully transform our business and create new business opportunities, in which all supply chain participants can thrive and prosper.

Yours sincerely,

Nikolai Bozhilov
Executive Chairman



HUMAN RIGHTS AND LABOR STANDARDS

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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 3

Business should uphold the effective abolition of child labour

PRINCIPLE 4

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

Unimasters is a company with a purposeful focus on human rights – both inside the company and in the wider society. We believe that it is our responsibility to set a working standard and build a better environment. In order to show this through our brand and be consistent, in the beginning of 2017 we started a big brand enhancement. It came as a result of our need to implement our core beliefs and values into the Unimasters brand itself. As a part of the evolution we changed our brand identity, we implemented new logo and we set clearly our values that make us a great “CREW” – one, based on Creativity, Reliability, Excellence and Wisdom. In 2018 we concentrated our efforts so that our colleagues embrace and recognize the values as their own. We began to implement them in our daily activities and special events, always having in mind what stays behind them.

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.

We are aligned with digitalization and we treat the digital world as a means to help humanity achieve more. We are up-to-date and follow the latest trends. In the reported period we bought a new e-car that covers the highest ecological standards.

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 honest and open communication.

We made all our policies accessible at any time for our employees. Just a click away, they are uploaded onto Workplace, which became an integral part of our routine.

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.

We exceed by being a fair player. In 2018 we updated our anti-corruption policy and business Code of Conduct in accordance with local and international law.

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. Knowledge sharing was a key focus of 2018. Starting from our employees, we have set a standardized initial training for all newcomers. We familiarise them with the company policies, values and structure from day one.

All documentation needed so that all employees are aligned with the company's procedures is accessible at any time on the shared Intranet.

As a socially responsible company we believe that knowledge and valuable know-how should be shared outside the company as well. We are eager to spread our wisdom with the wider society. For that reason on the European Supply Chain Day we organized an Open day in the office. It is the first event of this sort in the logistics sector in Bulgaria. Students, partners and all who are interested in logistics were invited to join us and learn more about the way we do business. Sharing our expertise is an irreplaceable way to contribute to the common knowledge and share our best practices with everyone, interested to develop in the sector.

Striving to share our know-how and set high standards in the sector, we started a collaboration with few Bulgarian Universities – The University of Economics Varna and the University of National and World Economy in Sofia. Our colleagues give Logistics classes in few relevant studies. Being a part of Bulgaria's educational system gives Unimasters the chance to broaden its social responsibility and make it possible for the education to meet the business. We teach successful business models and set the standard for the sector. Giving real life examples and practical solutions is the way to help students get a better understanding of the business world and promote high standards. Students get the chance to work on real life situations, complicated cases and innovative solutions. This helps them develop analytical skills, highly appreciated in every sector. Giving the students a chance to reach out to successful working models while still studying is the best way for them to choose the right career path and step with knowledge and self-esteem into the business world.

Not only that we share our knowledge with the future logistics professionals, but also with the current ones. As a company with 30 years of expertise, we openly share know-how and best practises within our industry thus promoting the professional standards we are following. As a member of NSBS – The Bulgarian Association for Freight Forwarding, Transport and Logistics, Unimasters holds a number of lectures and workshops, supporting the sustainable development of the freight forwarding sector.

In today's digital world Internet is the biggest knowledge lab accessible from any part of the globe. Aiming to spread Unimasters' expertise even further - beyond the markets that we operate on, we expanded our online sharing tools, contributing with number of articles and case studies, revealing innovative solutions and successful operations.

Being adventive and original in our approach, we take the chance to go beyond formal education. Unimasters has supported the The Duke of Edinburgh's International Award - an institution that makes learning an adventure - since its

establishment in Bulgaria in early 2014. It is the world's leading youth achievement award eligible for youngsters between 14 and 24 years. The Award is a challenge which pushes young people to their personal limits and recognizes their achievements. It is a life-changing opportunity for youngsters to develop skills, get physically active, give service and experience adventure in non-formal educational milieu.

The latest initiative that was part of the company's non-formal educational endeavours was held on November 1, 2018. "I am proud with my parent's job" was an event organized for 37 of our employees' and partners' children aged between 5 and 16. They joined the crew for a day and got to know the everyday life, the specifics and the challenges of the logistics sector. Their "workplace" were not only the offices of the company, but also the logistic warehouses, as well as one of the busiest Bulgarian ports - Varna West. The children proudly stood beside their parents and learned fundamental lessons about the value of work, the restless efforts to achieve good results and the importance of teamwork. We believe that our second participation in the initiative helped our children broaden their horizons and culture and get an idea about their future professional goals and ambitions.

Unimasters continued to support the socially disadvantaged, the disabled, and families in need. Christmas 2017 was an opportunity to support few socially significant causes. They were chosen by our employees, who used Workplace to vote. The company gave the employees a chance to choose among different causes. As a result the traditionally held Christmas bazaar supported Desislava Grozdanova - a little girl with cerebral palsy.

Another act of kindness for Christmas supported the development of children in need. We offered a helping hand to an institution for children, deprived of parental care "Nadezhda", located in Belogradchik. The donation included of multimedia, IT equipment and 12 months subscription for ucha.se - a web platform for multimedia lessons and exercises that helps children learn in a more engaging way.

We didn't wait a special occasion to help a child in needed. In March 2018 we spontaneously organized a fundraising campaign and helped for the operation of a 6-year-old girl with a brain tumour.

As a socially active company we choose to partner with institutions that have proven themselves in the service of the ones in need. For a third consequent year we took part in what we already see as a tradition - the initiatives of Holiday Heroes - a non-profit association for public benefit. As part of our collaboration Unimasters used its expertise and network to made the Easter holidays even more special for 5360 families by delivering boxes with food supplies. We scheduled the deliveries using the company's state-of-the-art Transport Management

System and arranged the pro bono delivery right to the doors of the beneficiaries.

Easter was the time to support another cause and prove that when we work together we can achieve impressive results. We organized a Charity bazaar in the two offices of the company. Our employees participated with handmade souvenirs, food and beverages. All of us, together with our guests and partners were welcome participate. At the end we supported a cause proposed by a colleague from Varna through the Workplace platform - an orthopaedic operation of a 9-year-old boy from Varna. We received a special note from his mother: "Our family received a donation from you, helping my son's operation in Vienna. I cannot put into words how surprised and happy I was. This is a huge support for us. A big THANK YOU to everyone how joined our cause".

At Unimasters we put people first. We share expertise, we educate and guide, we support the ones in need. In that journey to make our surroundings better, we do not forget our colleagues. As a socially responsible employer, we focused on our employees' wellbeing and balanced life. We sat and thought how to improve even further our office environment and decided to launch a new initiative called Healthy Day. Each last Tuesday of the month we give out free fruit. Unimasters encourages healthy diet as a part of well balanced and happy life. We take the chance to talk about healthy living and promote the consumption of fresh food in and out of the office.

As part of our endeavours to improve our colleagues' wellness, we included Multisport card in our remuneration package. It gives access to more than 700 sports and wellness facilities in the country, giving our co-workers access to first class services of their choice. We also thought of a way to encourage physical exertion in the office. As a part of this attempt we introduced the No Elevator day. Saving energy and doing exercise is a way to remind ourselves that with little effort we can improve our lifestyle. The No Elevator day was a friendly reminder that exercise is not only reserved for out of office hours.

Another 2018 initiative to boost and challenge our bodies and minds was Legion Run. All colleagues, regardless of gender, age and position in the company were invited to join the Unimasters team. Legion Run is a team-oriented run with 20+ obstacles of mud, fire, ice and barbed wire, held in different countries around the globe. We saw it as an opportunity to challenge our physical and mental limits, and share some amazing moments with our co-workers. Events like this are a chance to enhance the team spirit and work out together, to overcome different obstacles as a group, use our creativity and team spirit in order to achieve a common goal.

Another tradition that we kept and even upgraded was the Blood donation campaign. In the reported period we organized the event simultaneously in both

Sofia and Varna for the first time. We invited two medical teams to carry out the procedures in the two offices. We are proud that traditionally our colleagues showed interest and all timeslots were full.

As a socially responsible employer Unimasters continuously provides all employees with a safe working environment. All obligatory trainings and drills were carried out according to the company's training plan. Safety instructions were made accessible to all employees on the Workplace platform. All colleagues on relevant positions were equipped with best quality work clothes.

At Unimasters we recognise our responsibility to uphold human rights in the workplace. In practice this means non-discrimination 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. We can proudly declare that during our nearly 30-year company history there has been no incident related to human rights abuse or labour standards non-compliance.

The company respects the right to freedom of association and collective bargaining for all its employees. Representatives of employees are neither favoured 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 favourable work conditions and flexible working hours provided by the company. The other group that is interested in these conditions are the young people. Unimasters Logistics continued its ongoing support for people starting their logistics professional career – in the reported period 9 students and young people entered the company as our newest colleagues and benefited the flexible work conditions and collaborative team support.

A big company needs a way to communicate in a timely and efficient manner with its employees and give them a ground to share good practices and interests. As mentioned few times, Workplace became an integral part of workflow. Implemented only a year ago, it helped us work together, communicate, 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.



ENVIRONMENT

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

At Unimasters we have respect for the environment and strive to reach the highest green standards in the way we do business. We are proud that in the reported period our company won a prize for green efficiency. We see it as a result of continuous sustainable effort to improve all processes, facilities and technology in order to preserve the environment that we live in.

Listed are the ecological achievements from the reported period:

- Green efficiency award - ENERGO-PRO Energy Services honoured Unimasters with Green energy certificate. The document justifies that Unimasters joins the community of businesses who operate entirely on renewable energy. Our CEO Nikolai Bozhilov received the prize and assured the society that Unimasters will keep on putting effort in decreasing the carbon emissions and will continue the expansion of usage of green energy.
- 100% Electric E-NV200 Van – a major part of the ecological endeavour was the newly acquired ecological vehicle. It uses electricity which takes the carbon emissions down to zero. The van has up to 705 kg payload which makes it an effective vehicle for city deliveries. The van is designed to fit in the busy and dynamic traffic of a city, being not too wide or long. Easy to charge the e-van is a logical solution for high quality business.
- Plastic lids campaign – we encouraged our colleagues to bring their unnecessary plastic lids for the campaign „Lids for the future”. The plastic used for bottle lids is highly reusable and its recycling eliminates tons of rotting garbage. The cause has a double positive effect – on one hand tens of thousands tons of plastic are collected through the campaigns and are sold for recycling. On the other the money raised from the recycling is used for the purchase of incubators for hospitals with obsolete equipment. It is proven that outdated incubators can cause sight damage. Thus having modern incubators is vital for babies’ health. Our co-workers embraced the cause and contributed to the campaign with throughout the year.
- Certificate from “Chistota Balkani” – in the period 01.01.2017 - 31.12.2017, Eurogate – a company part of the Unimasters consortium has handed over 4190 kg of paper and 1842 kg of nylon for recycling. Thus the company has saved 54 ten-year-old trees, 134 m³ water, 17658 kWh electricity, 10 barrels oil, 7 tons of petrol and 17 m³ space free from garbage. We are proud that our offices are continuously becoming more nature friendly. Initiatives like No Elevator Day contribute further to our endeavours.
- Less paper – more efficiency – we optimized our processes so we need less and less paper. Living in the digital era we acknowledge that the use of printed materials is becoming easier to avoid. Digitalization helps us track information, store data safely and print less.
- Air Polluting Reporting Stations – in the reported period Unimasters faced the need to install Air Polluting Reporting Stations on the rooftops of the Eurogate building and Marine House. The alarming data published in social

media and confirmed by respectful sources turned the public interest towards the theme of air pollution. Unimasters sets a high ecological standard using exclusively e-car with zero emissions for in-city deliveries. Using less paper, recycling and saving electricity are also parts of the efforts to reduce emissions.



ANTI-CORRUPTION

ENVIRONMENT

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 international and local laws. In the reported period we revised and upgraded our Code of Business Ethics which promotes principles for conducting the business in fair, transparent and legal manner and the Anti-Corruption Policy which strictly forbids any form of bribery or corruption. The company's Quality & Compliance Officer is responsible for the integrated risk management system which allows Unimasters to make risk-averting decisions. 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 trained and taught in all codes of the company as they start working in Unimasters and are systematically reminded and updated with the principles and procedures related to the company's legal obligations, local and international laws, rules and regulations and the consequences of non-compliance. Each employee is required to immediately report any violations of the Compliance Policy, Anti-Corruption Policy and Code of Business Ethics to the Quality and Compliance Officer. No claim or request for monetary sanction for corruption was reported in the period covered by the COP.