



TRANSIMEKSA

Logistics
Pure and Simple



Sustainability report 2021

www.transimeksa.com

CEO LETTER

It is the third consecutive year we are part of the UN Global Compact. Honestly, every time we summarize and overview the last year's results, achievements and challenges, I hope to have calmer waters in the following year. Well, hope is still there.

In 2021, in one more consecutive year of pandemic, we saw how important and fragile the World logistics network is. I am very proud of the Transimeksa team, starting with drivers, warehouse staff, and colleagues in the eight countries where we currently have offices. They faced all challenges with excellence, and their effort ensured sustainable growth of our organization despite market difficulties caused by pandemic restrictions.

As this report is submitted, the entire World is affected by the war in Ukraine. We do as much as we can to help the families of our colleagues from Ukraine. We wish them strength and resolve to endure. We aim to help them however we can: would it be humanitarian aid or relocation of entire families to a safe environment. Nevertheless, it is the topic for next year's report.

In 2021, besides countering the challenges caused by the global pandemic, we focused on reducing CO2 emissions by further investment in the development of intermodal transport. The number of cargo shipped by rail increased by 25%. It would have been even higher;

however, the rail infrastructure could not cope with the increased demand for shipping capacity.

Further, through our German subsidiary, we invested in 120 new generation intermodal trailers that would allow doubling the number of loads transported by rail. The average reduction in CO2 is 77% when switching from solely trucking to combining rail and road. It is a big step toward reaching a zero-emission goal by 2035.

Being the part of an industry that employs more than 600 thousand heavy-duty trucks throughout Europe, we face the same challenges: significant increase in operational costs, driver shortages, restricted investment possibilities into new trucks – OEMs are not able to meet the demand for new vehicles. In order to reduce the negative Mobility Package impact on the environment (mandatory return of truck to the country of registration every eight weeks), the company continued to invest in better facilities for drivers and maintenance of trucks in the Kassel area - Germany. Having the alternative base of truck fleet operations would allow avoiding empty mileage and provide better resting conditions for drivers.

I want to thank our customers and each of our partners for their support and understanding of the changing market environment. Transimeksa focuses on balanced and sustainable growth in the coming years.



Nikolajus Roganovas
Chief Executive Officer

WHO WE ARE

28 YEARS

We provide high-quality logistics solutions

1500

More than 1500 qualified and professional colleagues

830

Own trucks fleet

20

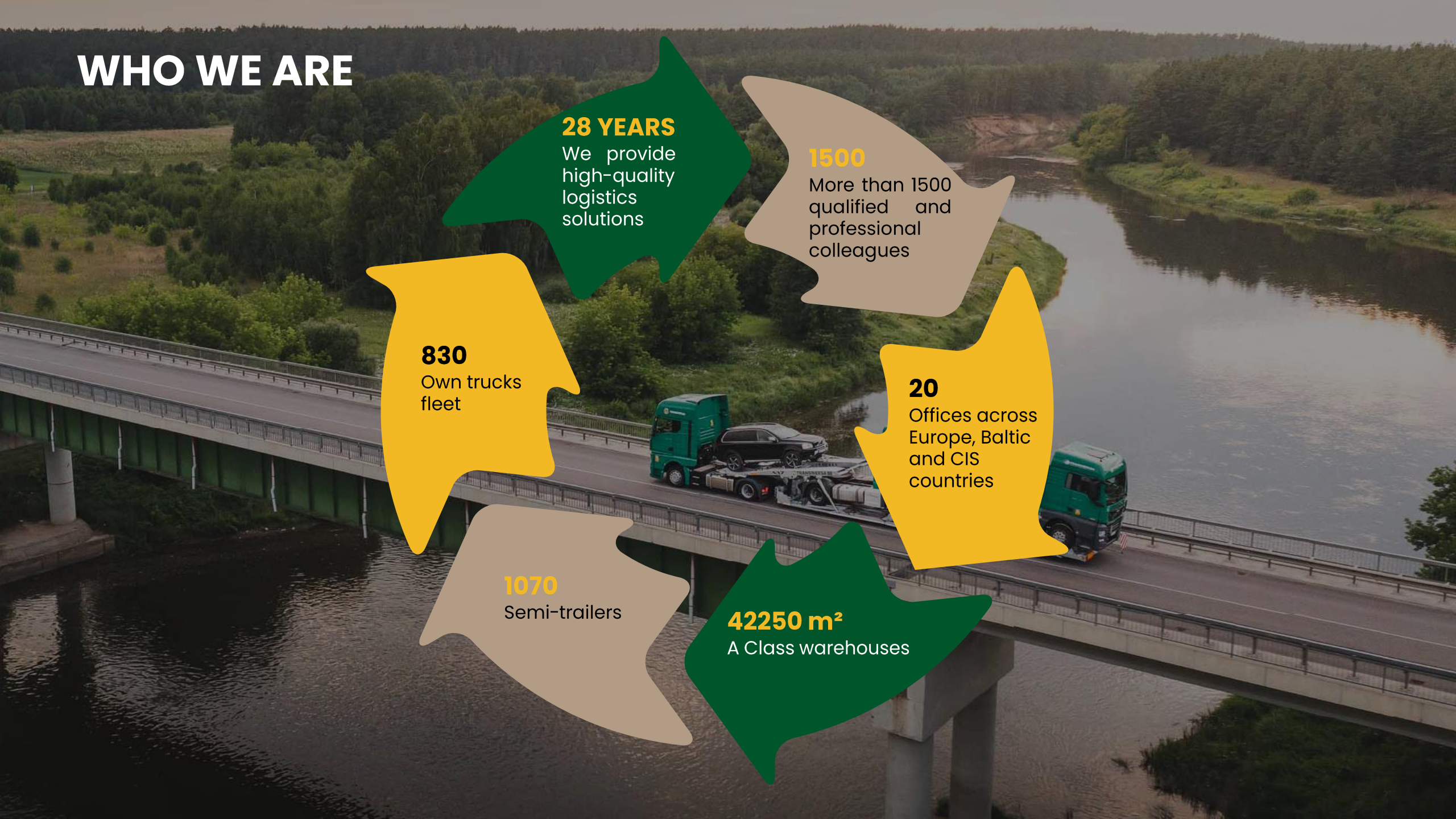
Offices across Europe, Baltic and CIS countries

1070

Semi-trailers

42250 m²

A Class warehouses



10 PRINCIPLES OF THE UN GLOBAL COMPACT

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

KEY PRINCIPLES THAT ARE RELEVANT TO OUR INDUSTRY



Pure and Simple

WHAT IS OUR CSR STRATEGY?

Responsible growth, reduced environmental impact, safer workplaces, respect for human rights

WHAT DO WE STAND FOR?

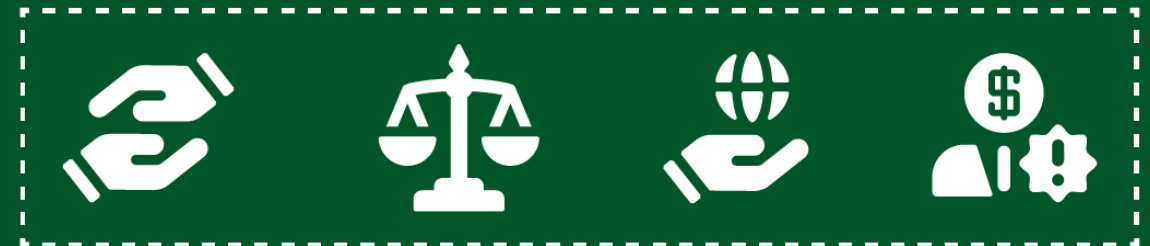
We stand for the Ten Principles of the UN Global Compact and the Sustainable Development Goals

WHAT ARE OUR PRIORITIES?

Environment, social responsibility, governance, safety, quality

WHAT ARE OUR KEY LEVERS?

An understanding of the business, experience, simplicity, trust in each other, motivation



CODE OF ETHICS

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2 Businesses should make sure that they are not complicit in human rights abuses.

This is the second CSR report in TRANSIMEKSA's history. We are a proud participant in the UN Global Compact, and strive to ensure that our company's activities are in line with its Ten Principles.

TRANSIMEKSA has divisions in nine different countries, which means that we work in an international team where everyone has to respect themselves and their colleagues. Every employee is required to adhere to the company's Code of Ethics. We do not tolerate discrimination of any kind (based on sex, race, religion, marital status, age, political opinion, nationality, disability, health, sexual orientation, or other grounds).

In cases of discrimination, harassment, or psychological or physical abuse, employees are encouraged to submit a complaint. We are pleased to announce that we have not received a single complaint in the past year.

Moral values play an important role in our organization. We are adamant supporters of human rights, including the rights of the child. We oppose the use of child labor, and our zero-tolerance policy means that we report any and all violations that we become aware of, whether internal or external.





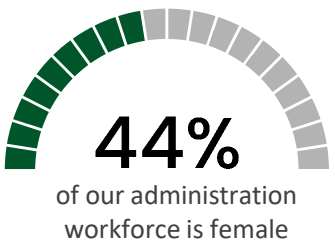
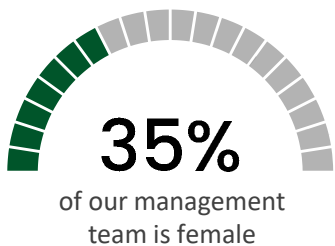
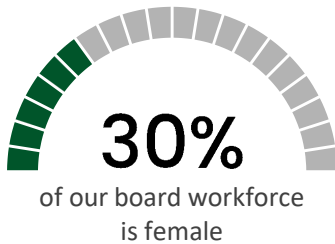
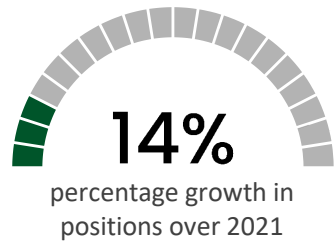
Non-discrimination policy

TRANSIMEKSA supports equal rights and does not tolerate discrimination in any facet of employment. Every employee has equal career opportunities and working conditions that are based solely on their experience.

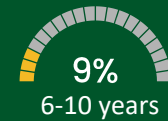
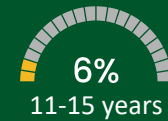
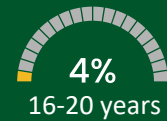
Female employees currently make up 44% of the administrative staff and 30% of the staff in other departments. Women also hold 35% of the management positions at TRANSIMEKSA. To further promote gender balance, it is our policy to give female employees the opportunity to return to the same position after maternity leave.

Reduced inequalities

The TRANSIMEKSA group of companies employs people of 12 different nationalities. We, therefore, use four different languages within the organization so that each employee gets the information they need in a language they understand.



Work experience



eNPS survey

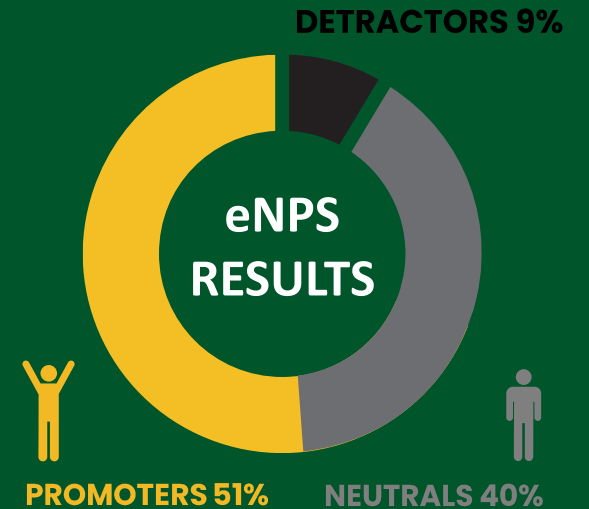
In June 2021, an eNPS (Employee Net Promoter Score) survey was conducted at TRANSIMEKSA to measure employee engagement, loyalty, and job satisfaction.

The areas that need improvement include organizational culture, communication, work-life balance, perks and benefits, and IT assistance.

The company's rating did not change from the survey conducted six months ago, with an overall score of 42 (on a scale from -100 to 100). This suggests a relatively high level of employee satisfaction. Engaged employees take pride in their work and become ambassadors for the company.

Of the surveyed employees, 51% were promoters (who gave the company a score of 9-10 out of 10), 40% were passives (7-8), and 9% were detractors (0-6).

According to the survey, the company's employees are happiest with their co-workers, atmosphere, remuneration system, managers, and the physical workplace.





Good health and well-being

Every year, we come up with active events for our employees to focus on their health and team spirit. In 2021, we organized a step challenge to encourage our colleagues to move as much as possible, since physical activity makes you stronger and more resistant to illness.

As part of the challenge, employees could choose their own goal – how many kilometers they were going to walk. The numbers 251, 333, 291, 1,705, 797, 741, 2,026, 542, 640, and 259 were not chosen by chance – they reflect the number of kilometers between our offices. As always, the staff took on the challenge, together taking 36.5 million steps! The most active participants were awarded.



Pure and Simple

Respect for people's choices

We respect our employees' choices and views and strive to accommodate everyone's needs. For example, our offices are equipped with refrigerators stocked with a variety of food, snacks and drinks, including vegetarian and vegan options. We have also installed water filters in our offices to reduce the consumption of bottled water. Employees can choose between still and carbonated water. For those who want a hot drink, we also offer a range of coffee and tea.



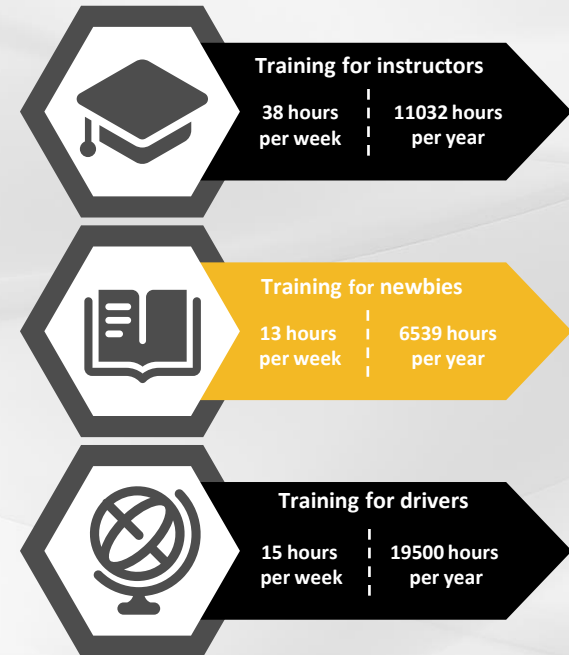
Quality education

Our organization does everything possible to stay competitive in the market and maintain a motivated, highly-skilled team. Employee training helps a business perform better in terms of profitability and revenue, and also increases employee job confidence. This is why we encourage our staff to improve their skills, and give them opportunities to do this.

TRANSIMEKSA supports the next generation of specialists as well. Our managers often visit universities to talk with students about the company's history, services, achievements, team traditions and career opportunities. We also offer internship opportunities for students to gain experience and learn the ropes. An impressive 74% of our interns stay on to work with us, which suggests that we are moving in the right direction.



Education statistics





Revitalizing the global partnership for sustainable development

We are fully aware that accidents hurt, but safety does not. Our event to promote road safety has become a tradition. In 2021, a chain of events was organized together with the Lithuanian police and local communities in three cities that the country's main roads go through and where traffic is most intense.

During the events, police officers handed out safety reflectors to kids, and a very popular Lithuanian presenter moderated The Smart Heads quiz to raise awareness of the basics of road safety.



Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 The elimination of all forms of forced and compulsory labour.

Principle 5 The effective abolition of child labour.

Principle 6 The elimination of discrimination in respect of employment and occupation.

Health and safety

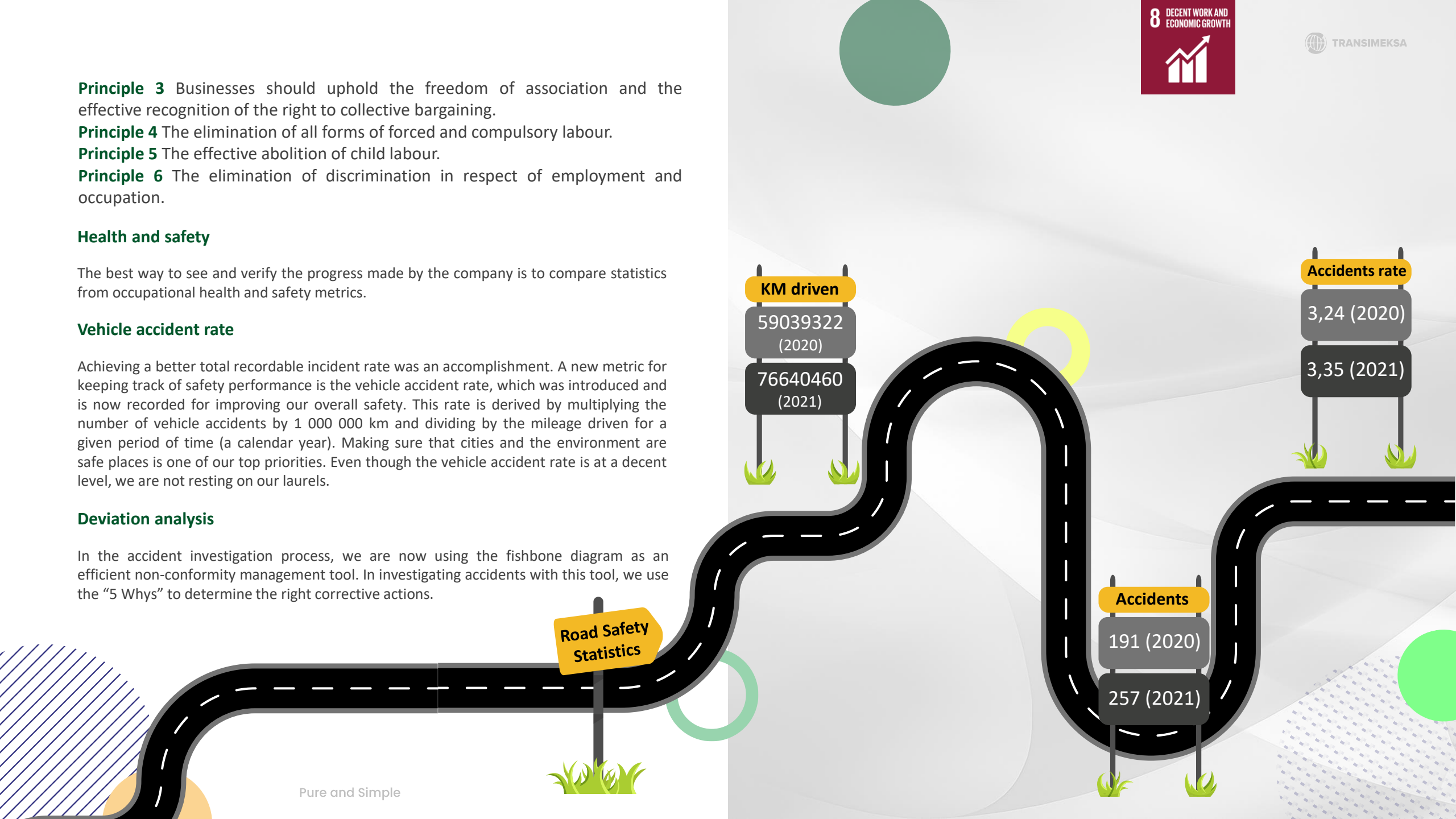
The best way to see and verify the progress made by the company is to compare statistics from occupational health and safety metrics.

Vehicle accident rate

Achieving a better total recordable incident rate was an accomplishment. A new metric for keeping track of safety performance is the vehicle accident rate, which was introduced and is now recorded for improving our overall safety. This rate is derived by multiplying the number of vehicle accidents by 1 000 000 km and dividing by the mileage driven for a given period of time (a calendar year). Making sure that cities and the environment are safe places is one of our top priorities. Even though the vehicle accident rate is at a decent level, we are not resting on our laurels.

Deviation analysis

In the accident investigation process, we are now using the fishbone diagram as an efficient non-conformity management tool. In investigating accidents with this tool, we use the “5 Whys” to determine the right corrective actions.



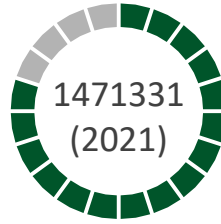
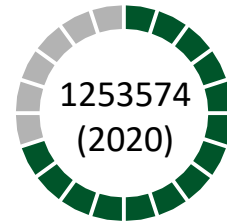
Documentation improvement

Relying solely on numbers can be unreliable. Indicators may suggest that the overall situation is good, but even the most minor of incidents cannot be overlooked. For this reason, we have hired an independent contractor to improve occupational health and safety and our documentation, despite the fact that governmental audits have never found any shortcomings. We always strive for the best, and never settle for less, so we are constantly looking for ways to improve.

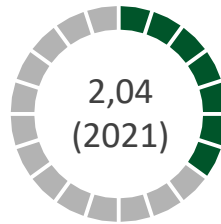
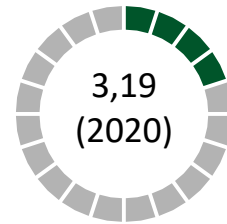
Training program enhancement

Management attended occupational safety and health courses, and received OSH specialist certificates after passing the State Labor Inspectorate exam. Afterwards, the occupational safety and health instructions were reworked and presented to employees. The instructions are now available in the company's document management program.

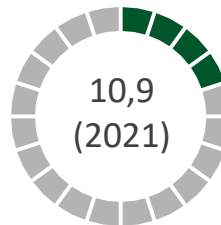
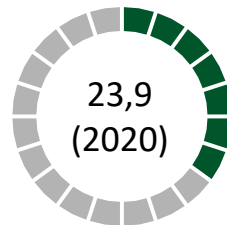
Hours worked



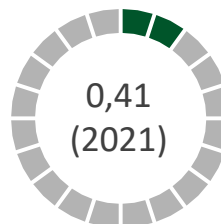
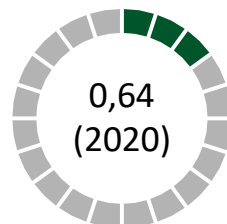
LTIR Frequency



Severity rate



TRIR



COVID-19 PREVENTION

Employees are the engine that runs a company. In 2021, the company was still faced with the same challenge – the Covid-19 pandemic.

However, in its 25 years of existence, our company has accumulated vast experience in handling different issues while proceeding with smooth operations. To be on the safe side and to provide healthy and stable workplaces for our employees, we have introduced a hybrid work model.

The option of working from home received an enthusiastic welcome from employees, and management was pleased to see that performance did not suffer – and even improved in some respects. In addition, like the previous year, all mandatory measures were put in place to minimize the impact of the virus.



■ PGR tests: 75
 ■ Rapid tests: 600
 ■ Disinfection liquid: 500
■ FFP2 respirators: 10 000
 ■ Face masks: 12 000



Gaining immunity

Herd immunity is a phenomenon where a sufficient portion of the population becomes immune to a particular disease, thus preventing the spread of infection. Immunity is acquired by recovering from an earlier infection or through vaccination. When approximately 70% of the population has immunity through either prior infection or vaccination, the chances of an outbreak are much lower.

Vaccination bus

66% percent of employees in the main TRANSIMEKSA office in Vilnius and Šiauliai have been vaccinated. Last spring, vaccination was prompted by the exceptional conditions provided by Vilnius Municipality for large companies to get their staff vaccinated ahead of schedule. In August 2021, we invited the vaccination bus to TRANSIMEKSA.



Principle 7 Businesses should support a precautionary approach to environmental challenges.

Principle 8 Undertake initiatives to promote greater environmental responsibility.

Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

Intermodal transportation

When it comes to preserving the environment, we operate in, we understand that in order to do the right thing, we sometimes have to keep a promise we never made. For example, we try to compensate for our environmental footprint by using different means of transport for our customers' goods. By moving freight via sea from Hamburg to Saint Petersburg, we have saved 988 tons of CO₂e, and moving freight via rail from Kassel to Verona has saved 4,799 tons. This comes to a combined savings of 5,787 tons of CO₂e.





Reducing carbon footprint

As the saying goes, “Habits are first cobwebs, then cables”, so we will continue to increase cargo volumes via sea and rail. In addition to already implemented measures like increasing intermodal transportation, we are also working on road cargo. This includes increasing our fleet of Euro 6 trucks and continuing eco-driving courses and incentives, like salary bonuses based on CO2 savings. We also use route optimization to minimize fuel consumption and CO2 emissions.

Looking for ways to do better

We reached a point where we had to restructure our department to enhance our performance and share responsibilities. This resulted in the Driving Efficiency Group, which was established to separate personnel matters from eco-driving and CO2 saving. Business travel was reduced to a minimum not because of the pandemic, but as part of the CO2 minimization plan.

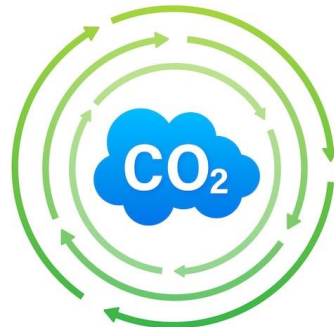
All meetings were held via Skype, Zoom or other video conferencing platforms rather than traveling and meeting in person.

Scope 1 emissions statistics

In 2021, our fleet was responsible for 50,889 tons of CO2e in Scope 1 emissions. This is a lot compared to 2020 but it is worth mentioning that 2020 was immensely impacted by the pandemic, where all businesses were at a standstill for almost an entire quarter.

Scope 2 emissions statistics

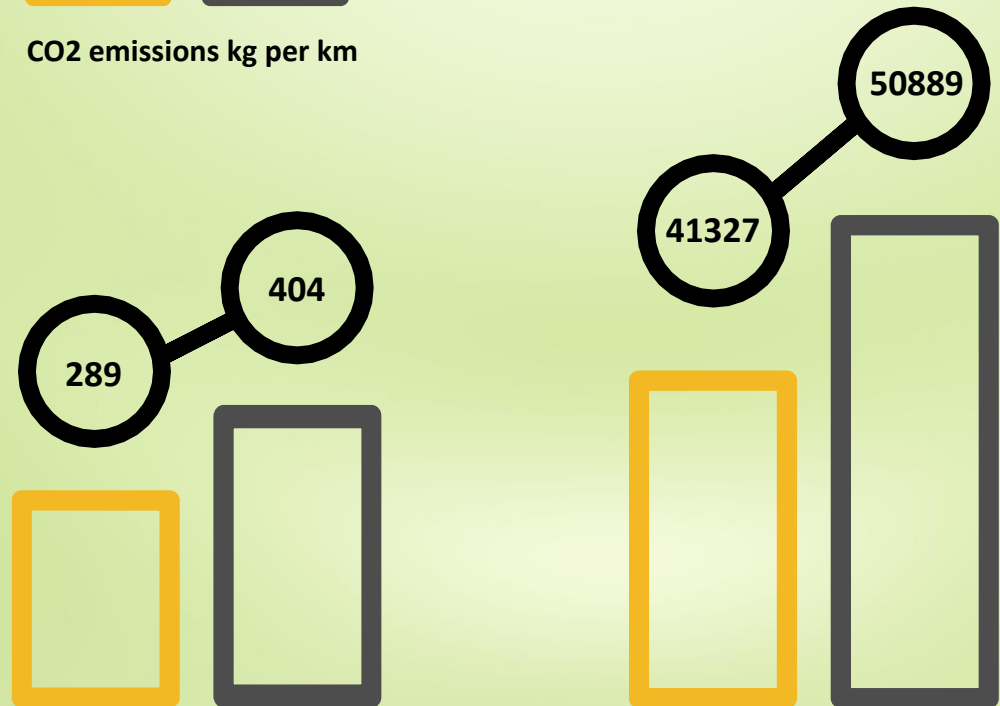
We also consumed 416,114 kWh of electricity, nearly 100,000 kWh of which was from renewable sources. At our premises, we consumed 3,702 m₃ of water and used 129,000 m₃ of natural gas to keep us warm. Yes, winters in northern Europe are still cold. In total, this comes to 404 tons of CO2e in Scope 2 emissions.



REPORTING CO2 EMISSIONS



CO2 emissions kg per km



Scope 2 CO2e (t)

Scope 1 CO2e (t)

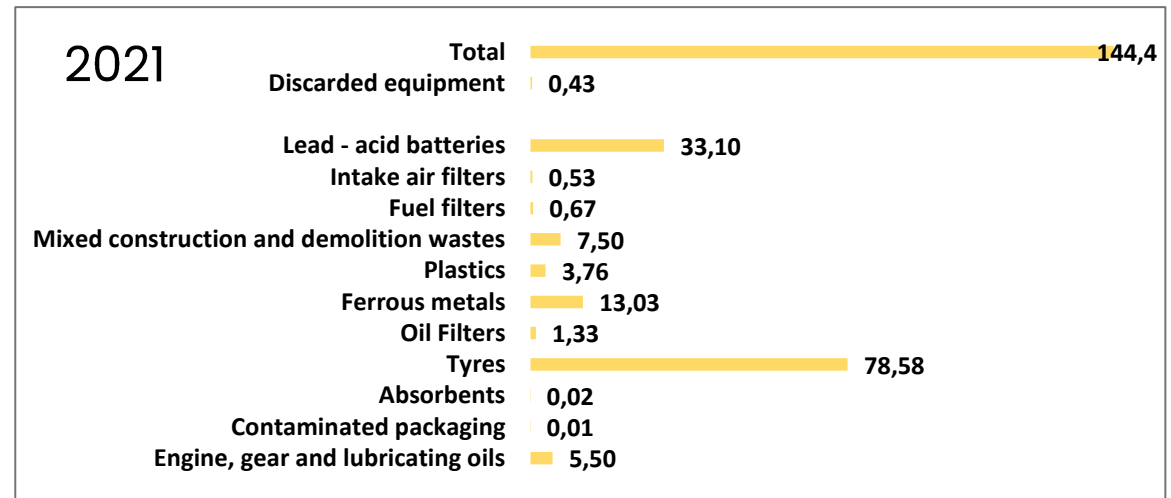
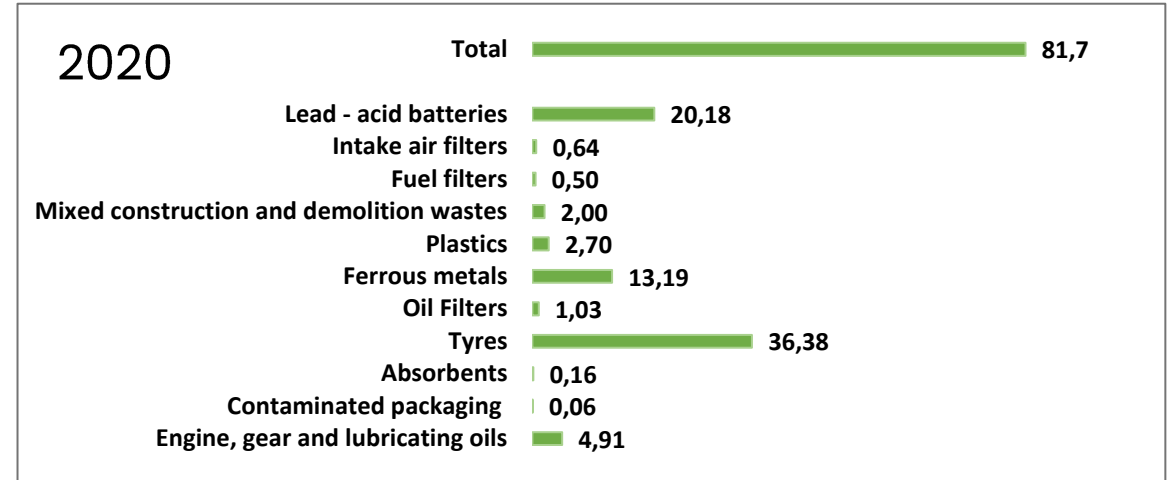


Recycling

At TRANSIMEKSA, we understand that disrespecting the environment that we operate in is like driving a truck without wheels. We have nurtured our recycling habits, and this is reflected in the larger quantities of recyclable and disposable materials that we have handed over to our recyclers. A goal without a plan is just a dream, so we told ourselves that by 2030, nothing will go to the dump. This means that we will have no other option but to recycle all of our raw materials by implementing strict control measures and comprehensive instructions. TRANSIMEKSA does not like to make promises that it cannot keep, and we adhere to legislation and government guidelines to keep pace. With the new SQAS questionnaire in place, we have a new commitment to preparing a zero pellet loss program to prevent plastic pellets from entering the environment and protect marine life.



Waste sorting statistics (t)



International assessment

In 2021 an annual assessment by the NQC was performed, which specializes in supply chain risk management. They are working with over 300 000 suppliers worldwide and help us concentrate on the main pillars such as corporate social responsibility.

Highlighting focus areas

NQC enables us to monitor our ethical, social and environmental practices. We will concentrate on the areas for improvement highlighted by NQC in order to improve our performance.

The primary focus is on increasing sustainable procurement, clarifying reporting practices, and keeping an eye on our vendors in terms of ethical, environmental and social practices.



Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Controls

Visits not only from our customers but also from governmental organizations ensure that we are on the right track and not missing anything. Not only did we have an annual financial audit this year – we were also paid a visit by the State Labor Inspectorate, which was satisfied that the company was operating in full compliance with legal requirements and was managing the pandemic perfectly.

We also carry out internal audits and quality control inspections to ensure that we are working as planned. This way, we remain ethical and honest with ourselves.

Business ethics is in our DNA

As Edward Thorndike put it, “Colors fade, temples crumble, empires fall, but wise words endure.” Words, peace, and society have meaning for us. Since TRANSIMEKSA was founded, we have never given, taken, or even thought about a bribe. We have never supported any political parties or political organizations. We expect proper conduct from our employees, which is why we have a Code of Ethics and provide our staff with training. We also provide training on the GDPR and human rights.

2022 GOALS

In 2022 our goals are to maintain the course and direction by improving service quality, stakeholder satisfaction and reducing environmental impact.

To narrow down work, then employee satisfaction should be noted in managing challenges and sustaining high employee motivation and safe and decent working conditions.

In terms of environmental impact, the measures taken by the company to reduce environmental impact are also pushed forward. With intermodal transport, we will aim to at least double the number of trailers transported by train. In long term, a plan to reach 35% of our shipments moved via intermodal transport means until 2030.

International organizations such as NQC also help our company implement state-of-the-art procedures and means to comply with CO2 reduction policies.

It is vitally important to continue to manage and monitor performance indicators for the health and safety of workers and to set ambitious targets. Safe and proper operational management will enable the company to improve and achieve the highest standards.

By maintaining a high level of trust from all stakeholders and providing the highest quality services, we will secure a sustainable and cohesive future. In these directions, our company commits to be going.



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