



COMMUNICATION
ON PROGRESS

TRANSPORT & LOGISTICS

Bulgaria

UNIMASTERS INTRODUCTION

We are Unimasters - a highly specialised logistics service provider that caters to people as well as businesses across multiple industries who are seeking diverse transport solutions. To keep the consistency we have built for over three decades, we adapt to the new logistics and business world.

In Unimasters, we combine start-up thinking with experience to provide customers with added value and high-quality logistics services. Based on inspiration from the world's best-in-class and most innovative technology players, we provide physical solutions in transportation, freight management, and 3PL/4PL services.

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Adapting to the rapidly changing economic and business ecosystems is an essential part of our operating models.

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This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

COMPANY INFORMATION

Unimasters Logistics operates through 18 offices in Bulgaria, Romania and Hungary and through first-class partners in more than 180 countries worldwide.

In this way, we are responsible for the societies in which we live and work, as well as for our workplace - the entire globe. In order to constantly grow, we set the technological trends for the rest of the industry in the markets we operate in. We do this while staying sustainable and respectful towards the environment and our society. Whether it's our clients, our partners, or our people, we value them all equally and treat them with respect and honesty.

Being an active participant in the UN Global Compact and avid supporter for the last 19 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 2021 - August 2022*, we share our recent activities on the key issues enshrined in the UN Global Compact Principles.



STATEMENT OF CONTINUED SUPPORT

Dear Stakeholders,

It has been another very challenging year in which the consequences of the COVID-19 pandemic were replaced by war in Europe, broken European supply chains due to shortage of drivers, exorbitant energy prices, untamed inflation and catastrophic climate events. Adaptation to climate change has become a must but it seems very few industries, governments and politicians have realized the seriousness of the situation for the living creatures and the urgency for radical actions. Besides, the supply of EVs aimed to replace fossil-fueled trucks, vans and cars have been constrained by longer delivery times due to shortage of vital raw materials and components.

As a business entity we must always plan ahead and try to anticipate problems, in spite of the huge uncertainties that entails. But with the constantly changing market environment, rising operational, technological, financial and human resource costs, even short-term planning has become a real problem. Nevertheless, we at Unimasters succeeded to continue to have a two-digit growth, while investing in new people, services and sustainable equipment, meeting our strategic objectives in measuring and reducing our carbon footprint.

The nature of global supply chains also continued to change. Moving from “Just-In-Time ” to “Just-In-Case” and more to “Made-To-Order”, it got many manufactureres and traders unprepared for the pending market changes. Together with our customers we also faced a lot of changing procurement requirements, routes and transport modes to avoid shortages, transportation disruptions, increased carbonisation and unfulfilled commitments.

The keys to maintaining and growing our business in these challenging times are the safety, security and welfare of our great people, the resilience of our clients, the efforts to save our invaluable planet and our help to society as much as we can to transition to a better and safer living environment. These goals are strongly testing our resources, our limits, our collaborative mindset and our commitments to all stakeholders. However, we believe that with every challenge comes an opportunity. Therefore our motto for this year was set as “We see opportunities where others see problems”.

The scale of change is massive! But we will continue to do whatever it takes to deliver on our long-term vision and commitments.

Yours sincerely,

Nikolai Bozhilov
Executive Chairman

HUMAN RIGHTS AND LABOUR STANDARDS



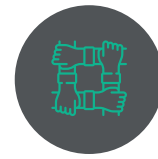
Principle 1

Business should support and respect the protection of internationally proclaimed human rights



Principle 2

Business must ensure they are not complicit in human rights abuses



Principle 3

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining



Principle 4

Business should uphold the elimination of all forms of forced and compulsory labour



Principle 5

Business should uphold the effective abolition of child labour



Principle 6

Business should uphold the elimination of discrimination in respect of employment and occupation



Implementation

With a vision for the future, Unimasters is continuously seeking ways to maintain the highest standards of health, safety, and welfare. Taking on new logistics challenges also allows us to develop creative solutions for our customers. Unimasters is a responsible organisation that always strives to assist its customers with both domestic and international deliveries. Creating a better working environment and setting an adaptive standard is our responsibility. It is clear to us that if we work together, we will be able to overcome new challenges and become better versions of ourselves.

Commitment

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

OUR VALUES

Creativity. Reliability. Excellence. Wisdom.

Presenting our products and services in a creative manner is one of our strengths. The brand identity of our organisation is highly visible and our shared vision is strongly supported by our values. The success of our teams is built on the values we live by as CREW. We also make sure to integrate them into our daily activities and special events, always keeping in mind what lies behind them. CREW stands for Creativity, Reliability, Excellence and Wisdom.

Creativity

We distinguish our company compared to the other logistics competitors.

We are renovating and reinventing our systems constantly and choosing the most creative ways to implement digital solutions into logistics. We set new standards for digitalisation and support the digital world to increase better results to help humanity to achieve more.

Reliability

We always keep open lines of communication to prove our reliability to our customers and partners.

Unimasters' employees give a hundred percent at their work to confirm honesty and openness as part of our core values. We provide our policies accessible at any time to the employees.

Excellence

We make no compromise in our commitment to the customers.


Unimasters is a company with the purpose to provide a perfect customer journey. We believe in long-lasting relationships with our customers and partners as a strategy that improves our excellence and business success.

Wisdom

We understand that sharing knowledge is a powerful key to growing the business and being more productive.

Our whole team has embraced and established a knowledge-sharing culture in the working process. We have set a standardised initial training for all newcomers. We make them familiar with company policies, values and structure from day one.





Our priorities had to be set wisely in order to adjust quickly to changing circumstances and disruptive events. The year 2022 was varied and challenging. We remained consistent at every step of freight processing to maintain high standards. The company decided to continue providing personalised onboarding and training to all new employees from the very first day. Our digital platform provides all the necessary information for colleagues to align with the company's procedures.

As a company that integrates remote working with physical workspaces, we take all necessary precautions to ensure a safe working environment for all employees. Safety instructions and useful materials are accessible to our employees through our internal communication platform - Workplace by Facebook. For those who cannot work remotely, we provide safety instructions, posters and safety guidelines on site. All colleagues on relevant positions were equipped with best quality work clothes.

Being an international company that provides employment for more than 330 people, we understand the importance of collaborating together and getting to know each other. Workplace plays a vital role in our internal communication because it helps us work together, communicate, share thoughts and knowledge, discuss projects and charitable activities, collaborate and turn ideas into actions. The last couple of years have been more crucial than we expected. We strive to integrate newly hired members of the team as effectively as possible. We introduce each new employee to Workplace which acts as our corporate digital community. Additionally, we give everyone an excellent opportunity to learn and grow in the desired direction. All Unimasters employees have access to our e-learning platform with a wide range of training varying from soft skills, business communication, and management techniques to logistics-specific resources.

To keep the community strong - we continued to share our employees' stories. The initiative was called "Employee stories". We are happy that each member of Unimasters has a unique path and experience in the company and wanted to share their story. We decided to give voice to our colleagues to share what has inspired them at work, what challenges they have faced, and how they have decided to build their careers in the logistics sector. The vlog format gave us the opportunity not only to hear our colleagues but also to meet them in their actual work environment.

We acknowledge that the positive effects of such initiatives are numerous. By allowing our employees to drive a narrative and share their stories online, we are building an attractive work culture. At Unimasters, we always took pride in being fair to each and every employee, while treating everyone with warmth and respect. Without any hesitation we took a huge number of steps to continue our mission and process.

OUR INITIATIVES

Workplace around the clock

Our advanced digital platform is the place where we can be virtually together. We had groups that increased awareness on important topics in the supply chain world 24/7 - changes in business, new challenges and circumstances, innovative solutions, situations around the world, etc. These groups were and continue to be a great source of information and a platform for know-how exchange, and sharing good practices and ideas.

Blood donation

Another tradition that we observe for many years at Unimasters is the Blood Donation campaign. In the reported period, we organised the event in our offices in Sofia and Varna. We invited two medical teams to carry out the procedures at the two locations. We were awarded certificates of appreciation as a company with the most blood donors from outsourced teams. We are glad that our colleagues showed interest and took part.

Help for refugees from Ukraine

Unimasters conducted several campaigns to support people fleeing the war in Ukraine. The campaigns include collecting clothes, blankets, hygiene materials and handing them over to organizations (The Bulgarian Red Cross) to distribute them to those in need.

Charity boxes for COVID-19

We have placed charity boxes in our offices in Varna and Sofia to help the family of a colleague who died from the disease. Each month, the collected amount is handed over to the family.



Our culture includes exchanging knowledge, experience and expertise.

We participate in many industry-leading events and conferences in Europe and around the globe, sharing our achievements, challenges and solutions. We collaborate with international universities, offer insights to students and junior professionals, hire interns and host open days.

Support youngsters in logistics

Our socially responsible company always pays attention to young people in logistics. In the reported period, the company helped high school students take their first career steps. Our organisation signed a contract with the Professional High School of Transport "Nikolay Botushev". We invited students studying "Freight forwarding, transport, and warehousing" to learn more about our operations, organisational structure, and services. For two weeks, we gave them hands-on experience with our administrative and operational procedures. Their enthusiastic responses demonstrated that practical exercises are a suggested method for enhancing fundamental knowledge and abilities in the logistics industry.

Other students who also studied logistics as the main subject at University were part of monthly internships with the different departments of the company. They had an opportunity to apply theoretical knowledge to real business cases. On the other hand, they improved their skills and competencies.

Also, Unimasters became the first workplace for several students who have just graduated from their higher education. The company invested in their introduction, training and development. We believe that is the way not only to build them as professional experts but also to contribute to the development and maintenance of a high professional level in logistics. Building a strong logistics community and ensuring that the next generation is prepared to enter the workforce and contribute with new ideas and fresh perspectives require a number of key components, one of which is assisting young people in making career decisions and discovering their professional passion.

Dual Education

In 2022 Unimasters concluded a contract for dual education and strategic partnership with 5 High School P.R. Slaveykov in Pernik. In the next 2 academic years, three students in the 11th grade will be part of the company. The dual system of education includes mastering a certain profession at school, where students are introduced to the theoretical foundations through a special program, combined with practical work in a real environment from an enterprise in the relevant industry. In this way, we contribute to the building of a stronger bridge between education and business, help guide young people and increase the quality of professional training in the industry.

Certification and employee training

Training sessions were held for all employees of Unimasters' air freight, sea freight, and road departments, as well as those involved in warehouse operations. All newly appointed employees were also trained during the reported period. Quality and comprehensive logistics training were provided in accordance with industry standards. The program included all aspects of knowledge about freight forwarding and shipping processes at the national and international levels.

Duke of Edinburg

We do not hide that we give support and opportunity for the development of young people. Unimasters has supported the Duke of Edinburgh's International Award since its establishment in Bulgaria in early 2014. It's an institution that makes learning an adventure for youngsters. The world's leading youth achievement award recognises adolescents and young adults aged 14-24 for completing a series of self-improvement exercises. The Award is a challenge that pushes young people to their personal limits and recognises their achievements. It is a life-changing opportunity for youngsters to develop skills, follow their passions, discover talents they never expected, get physically active, give service and experience adventure in a non-formal educational milieu.

Furthermore, in 2022 professionals from the organisation conducted a training called "Leadership through mentoring" for our colleagues in different departments which introduced mentoring tasks. Methods and techniques for working with young persons were shown, with the focus being to guide and support them in setting goals and different achievements for the benefit of their individual development.

European Supply Chain Day 2022

In the last few years, the world economy has been subjected to two major shocks – the Covid-19 pandemic and more recently – the war in Ukraine. These events have completely changed the world and outlook for all actors in the supply chain. One of the key moments to be effective in supply chain management is to exchange information and share knowledge and wisdom with the community. Our experts took part for a fifth consecutive year in the European Supply Chain Day by organising a highly interactive webinar during which they participated in a discussion panel on the topic "From crisis to crisis - our challenges and solutions!". We shared our predictions about the global economic environment, what challenges and opportunities lie ahead for the supply chain, and how companies can quickly adapt to change and the "next normal".

Social benefit programs

In its role as a socially responsible company, Unimasters is committed to the needs and benefits of its employees. To encourage physical activity at work and to motivate our employees to practice sports more regularly, we have included a Multisport card in our remuneration package. It provides entrance and training free of charge to more than 700 sports and wellness facilities in the country, giving our co-workers access to the first-class services of their choice. A health insurance package is another benefit program that provides medical and dental assistance. Furthermore, in 2022 we have introduced food vouchers as an additional social benefit to increase employees' purchasing power and motivate them. We believe that offering benefits to our employees is important and it shows that we are investing in their future.



At Unimasters, we understand that upholding human rights at work is our responsibility. This entails nondiscrimination and diversity in personnel processes. The recruitment and retention activities we have in place reflect our enthusiasm to hire professionals who share Unimasters' values and dedication to ethical business practices.

We can proudly state that over the 32-year history of our company, there have never been any incidents related to violation of labour standards or human rights abuse. The company respects the right to freedom of association and collective bargaining for all its employees. Employee representatives are not given preferential treatment or subject to discrimination.

The company consistently ensures a discrimination-free workplace. Additionally, it compensates both men and women equally for a particular position without compromise. In the reported period, the male/female ratio for managerial position occupancy is 50/50. Pregnant women, mothers of children aged under 2, and persons with disabilities are among the vulnerable groups that Unimasters continues to protect and support. These groups can benefit from the company's favourable working conditions and flexible scheduling. We also provide young people and college students with the opportunity to enter the profession by offering flexible work arrangements and supportive teamwork.



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

Implementation

Our goal at Unimasters Logistics is to achieve the highest green standards in our business practices. Protecting human capital is vitally important, but so is preserving the earth. The key characteristics of a modern freight forwarding company are sustainability and responsibility. By continuously improving all processes, facilities, and technology, we are able to reduce the impact of our work on nature and humans. We are passionate about supporting green initiatives and integrating them into our corporate culture. Unimasters' ecological accomplishments from the reported period are listed below.

Commitment

Environmental policy



Our policies are tuned to measure the impact of our work on nature and humans, ensuring proper environmental stewardship for a greener and safer planet.

OUR INITIATIVES

Sustainable energy

It is extremely important that each of us make a small but valuable contribution to the fight against climate change. Therefore, at Unimasters we will continue to use only "green" electricity, even though it is more expensive than the general mix. We partner in this endeavour with ENERGO-PRO Energy Services. In 2022 Unimasters renewed the 100% Green Energy Certificate (based on Guarantees of Origin) for all our premises.

We will also invest in photovoltaic capacities to provide us with a cheaper and emission-free current for our own needs. We will even reduce the heating in offices this winter and expand the hybrid model of working from home to save valuable energy resources.

Vehicle fleet modernisation

Unimasters aims to implement the newest green technologies into all company processes. We have kept updating our fleet of cars, vans, and trucks with cutting-edge models compliant to the highest modern environmental regulations. In 2022, we replaced 50% of our fleets with vehicles of the most recent models. The new trucks are certified EURO 6D - the newest generation of much cleaner new diesel cars. And we kept striving to achieve our objective of reducing carbon emissions and increasing efficiency.

Digital document workflow

Unimasters promotes paperless transactions and implements policies for digital document workflow both internally and outside the company. More than 90% of our customers use our self-service platform MyUnimasters to get the information they need about their shipments. We encourage all of our clients and business associates to decrease the use of paper in order to protect environmental pollution.

“Caps for the Future”

Together, as a team, we collected plastic caps for a fifth consecutive year in the campaign „Caps for the Future“. Additionally, we added aluminum cans to the campaign. The quality of plastic and aluminum used for bottles allows recycling, which eliminates tons of garbage. At the same time, the money raised from the recycling is donated for modernisation and the purchase of vital hospital equipment for premature babies such as neonatal ambulances and baby incubators.

Reduce & Recycle

Unimasters is responsible for the environment and reduces the cost of electricity by building light tunnels in our warehouses and also by using led lights in our office buildings. We registered a more than 30% reduction in energy consumption. Moreover, we have extensive policies for separate collection of waste to the offices and warehouses. In 2021, the separately collected and sent for recycling paper and nylon saved the planet 26 ten-year-old trees, 63 m3 of water, 10 barrels of oil, 10 tons of petrol, 8839 kWh of energy, and 8 m3 space free from garbage. We received a certificate from “Chistota Balkani”. We are proud that our offices are continuously becoming more nature friendly.

ELogii

We continually invest in digital solutions to increase efficiency and thus become more competitive, which is one of the reasons we retain good results. We have introduced digital software (Elogii) which gave us the ability to better manage and to optimise routes for domestic deliveries. This allows us to have greater control over pickup and delivery operations, while providing total visibility for both operations teams and customers. Additionally, it helps to reduce the amount of carbon emissions produced by vehicles and lower transportation expenses.

Electrical appliances recycling campaign

Inspired by the UN Global Compact initiative #beatEwaste for unused office electrical and electronic appliances, this year the company organised an internal campaign to collect such that are to be handed over for recycling at the end of the year.

Workwear and other clothing recycling campaign

Recycling textiles helps diminish the forces that contribute to climate change and saves energy by reducing or eliminating the need to make materials from scratch. We have introduced several points for collecting unnecessary clothing. We have organised the collection with a local recycling company.



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Our belief at Unimasters is that staying environmentally responsible every day has a much greater social impact. Our endeavours are spread to a broader society through our co-workers, so hopefully more people can learn about ecological problems and the way to work towards a better future for our planet.



ANTI- CORRUPTION



Principle 10

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

Commitment

Code of Business Ethics
Corporate Compliance Policy

Implementation

Unimasters Logistics is committed to doing its business in a way that upholds the highest ethical principles and complies with all relevant national and international regulations. We use our Code of Business Ethics as a starting point whenever necessary since it supports ideas for operating the company in a fair, transparent, and legal manner. Any type of bribery or corruption is strictly prohibited by the Anti-Corruption Policy. All documents are posted to the e-learning platform and are available to all staff members. We continuously ensure that our partners are aware of the Anti-Corruption Policy and the Code of Business Ethics. With everyone we do business with, we want to be on the same page and establish high standards that everyone can aspire to.

The comprehensive risk management system that enables Unimasters to make risk-aware decisions is under the control of the organization's Quality Compliance Officer. The company has been actively involved in the areas of ethical conduct and compliance and is regularly submitted to internal and external audits. All employees receive training and instruction on the company's policies as soon as they begin working at Unimasters. They are also regularly reminded of and updated on the company's legal obligations, local and international laws, rules and regulations, as well as the consequences of non-compliance.

Any violations of the Compliance Policy, Anti-Corruption Policy, or Code of Business Ethics must be immediately reported by each employee to the Quality and Compliance Officer. No claim or request for monetary sanctions for corruption was reported in the period covered by the Communication on Progress.



Unimasters

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