



speedy

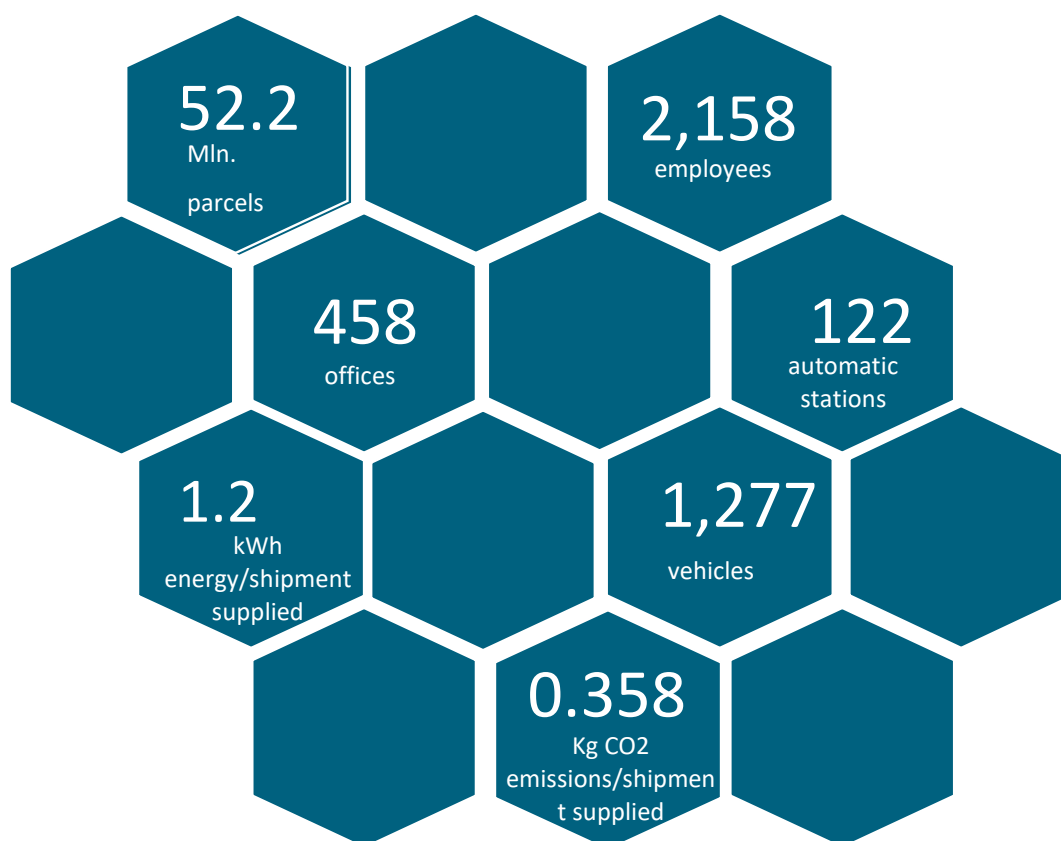
Consolidated Non- Financial Report for year 2020

GROUP SPEEDY

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Group Speedy at the end of 2020



About the Report

This is the Non-Financial Report of Group Speedy for year 2020. It contains quantitative and qualitative data on key topics related to the Group's ethical management, its relations with employees, partners, customers, and its environmental impact. The Report comprises the period from 1 January 2020 to 31 December 2020 and has been prepared in accordance with the requirements of the EU Non-financial Reporting Directive and the recommendations of the Ministry of Finance for preparation of non-financial reports.

This Report contains information on key matters for Speedy AD (the parent company) and its subsidiaries – Rapido Express and Logistics EOOD (acquired in October 2018) and DPD Romania (acquired in November 2014), No information is provided about the companies Geopost Bulgaria EOOD, Speedy EOOD and Omg Mobile EOOD, since they have no standalone assets and operations applicable to this Report. In October 2020 the subsidiary of Geopost Bulgaria EOOD – Geopost Trans OOD, was established, which commenced active operations in December 2020, and therefore has only a minimal impact on the overall data of Group Speedy.

About the Group – aim and strategy

Group Speedy unites companies with long experience in the field of deliveries in Bulgaria, Romania and Greece. By uniting companies with long-standing experience in parcel deliveries, the biggest courier network in Bulgaria was created. The logistic network covers 100% of the territory of the country with 580 customer service points, including 122 automatic postal stations.

Group Speedy aims to provide a high-quality service, flexible solutions and a competitive price for the quality offered. We achieve this by means of constant improvement of our work, optimization of the processes and expanding the range of services we offer to our customers.

Products and services

Revenue from primary activities form about 98% of the Group's revenue for year 2020. A detailed description of our services and their proportion in the Group's success is available in the Consolidated Management Activity Report of Group Speedy for year 2020.

1. Corporate sustainability

Corporate sustainability is a modern business approach which established long-term social, environmental and economic strategies and creates value for customers, employees and users, by providing products and services with responsible care to people, resources, and the environment.

Group Speedy's management considers corporate sustainability development to be its main aim as set in the overall system of values of the Group.

Our main priorities are efficient energy use, reducing pollution, ensuring business integrity to our customers, establishing long-term sustainable relations with our suppliers, and constantly improving our employee's quality of work and life.

2. Ethics and human rights

2.1. Policies, objectives and risks

Our work is based on ethical principles built on lawfulness, loyalty, honesty, unprejudiced, competence, political neutrality, responsibility, personality value and accountability. To ensure that these principles are very well understood and valued throughout the group, we have outlined them in the Code of Ethics of the parent company. It covers professionalism values and measures within our Group, procedures such as employee's Dress Code, policies for avoiding discrimination, risk behaviour for corruption, misuse of power and conflicts of interest, accepting gifts or other incentives, keeping professional secrecy and company property, correspondence rules within the parent company and its subsidiaries.

The parent company is the first Bulgarian courier company that implemented a quality management system and received certification thereof. Until now, every year Speedy successfully undergoes a recertification audit under ISO 9001:2015. Quality management systems have also been implemented at the subsidiaries, DPD Romania and Rapido Express and Logistics EOOD.

2.2. Initiatives and results

The Code of Ethics is accessible to all employees and is a mandatory part of their training. In 2020, 1,617 trainings were held at the parent company to acquaint employees with the Code of Ethics, as part of each new employee's

induction training. Each employee gets to know the provisions of the Code of Ethics from their line manager within 7 days from commencement of employment.

We have provided a mechanism through which in case of inappropriate behaviour of employees or subcontractors, a signal can be submitted to the Human Resources Department. This is done by means of our HR Help Desk, well familiar to all employees and widely used. All cases of complaints related to unprofessional conduct are addressed promptly, and this is one of the Group's Human Resources Department's priority and an indicator for the team's success.

We have not yet received any complaints related to violation of human rights, discrimination or corruption.

3. Personal data management

We take a serious approach to our responsibility for protecting the personal data of users and all personal data that the group companies have access to in relation to its operations. They comply strictly with the requirements of the respective national legislation and Regulation (EU) of the European Parliament and the Council of 27 April 2016 on personal data collection and processing (GDPR). Our Personal Data Protection Policy is applied for all personal data collected and processed by the Group companies, including the personal data of customers when they visit the Group company's websites or use our services.

Prior to implementation of GDPR, we contacted a consulting firm which audited personal data management. The consultants prepared a report containing a GAP analysis of our existing practices and determined which documents and registers need to be reviewed in accordance with the GDPR requirements. An IT audit was carried out based on the ISO 27001 standard approach for information security management. Despite the standard's strict requirements, no significant discrepancies were identified and the audit was successful. In accordance with the standard, we renew our licenses and programmes on an annual basis. Our applications have been developed in such a way that customers' personal data cannot be accessed. The web modules require consent for personal data registration. We participate on a regular basis in discussions with the GDPR team of DPD Group, with whom we exchange information on the implemented practices available thereto. This team sets the requirements for monitoring and reporting.

In 2020 there were no justified complaints by customers regarding personal data violation upon processing by Group Speedy. No cases have been identified of theft or loss of customer data.

4. Employees

4.1. Policies, aims and risks

Employees are our most important asset. Among our main tasks is to have well trained professionals, to allow them to develop, to ensure good working conditions and fair remuneration.

As at 31 December 2020 the number of staff at the Group is 2,158 people, which marked another year of growth for us. Due to the nature of our operations, some of the departments are preferred by men, who constitute 70% of our Group's employees, while women hold 29% of positions. 99% of all employees have permanent employment contracts. There are no collective labour agreements at the Group. In 2020 there were 8 accidents, none of which was fatal, fortunately.

| 2020 objectives | Status | 2021 objectives |
|--|--------------------------------|---|
| Continuing the campaign to increase the number of offices in the area of a courier partner | Fulfilled | Optimisation of the recruitment process |
| Trainings on sales techniques and technological solutions. | Delayed due to COVID-19 | Creation of an app for automation of the Remuneration Ledger |
| Increase in the share of permanent staff at DPD Romania to 70% | Fulfilled | Questionnaires to analyse objective reasons for staff's leaving |
| Holding specialised trainings for development of coordinators at DPD Romania | Fulfilled | Developing own app for leave processing |
| | | Development of middle management at DPD Romania |

In 2020, the process of complete transfer of the operating activities of Rapido to Speedy AD (the parent company) was completed, and so was the integration of almost all Rapido employees into the Speedy AD team. As at 31 December 2020, Rapido's employees are 12.

Historically, business in Romania counted mainly on work with subcontractors and temporary employment in peak periods. Over the years, the lack of experienced personnel to work maximally effectively is becoming greater and over the past two years we focused on increasing the ratio of permanent staff at the key hubs and depots. Our objective was to reach 70% in 2020, and this was supported by opening another office in Bucharest. We fulfilled the objective and in fact at the end of 2020 almost 100% of our employees were hired under permanent employment contracts. Another priority of our Romanian company was to increase staff retention, and survey customer satisfaction. We determined that in view of the specific circumstances in the year, it was important for managers to maintain personal communication with employees. Due to the transition to remote work for some teams, and the need to only gather a minimum number of employees in one place, we determined that the most appropriate customer satisfaction approach is not a questionnaire, but direct communication and feedback exchange, even though through online platform.

4.2. Initiatives and results

4.2.1. Projects

The epidemic situation and the increase in work in 2020 were prerequisites for even greater efforts to ensure security, stability and safety occupational conditions for the Group's employees.

Over the year we managed not only to take quick and timely actions to reorganize work in the conditions to COVID-19, but also to pay attention on improving human resource management processes in the long term. We automated the internal reporting system for the warehouse teams and developed an app for automation of the Staff remuneration ledger at the parent company. At Speedy AD, we commenced an optimization of the process of staff recruitment, by means of a new platform in our intranet portal, in order to facilitate team leaders in the recruitment of new employees. In order to improve human resource management in the Group, in 2020 we performed an analyses of the objective reasons for leaving, in the cases when this is initiated by the employee.

We constantly try to successfully overcome specific challenges in some departments related to sustaining certain expertise within a single employee or within too few employees. In order to minimize the risks of lack of support and interchangeability among colleagues, as early as 2018, the parent company launched the Role Rotation project, thereby switching the roles of employees in several departments. This work model ensures equal allocation of tasks and makes it possible to replace and support anyone, when needed. Over the last two years, at the parent company we improved this process, and the favourable results are present: facilitated remote work procedure, which had a key role in 2020, optimization of activities, more effective task delegation, valuable innovations to the work process, and enhancing the overall proactivity and staff development motivation.

As early as in 2019, we introduced a structured approach for collaboration among colleagues, called "Conference call", in order to facilitate the process of absorption of theoretical information that new employees encounter when they start work. We adapted this approach to the specifics of the epidemic situation in 2020 and employees were provided with the opportunity of exchanging specific operational knowledge and skills in several online platforms.

4.2.2. Training and development

Our training programmes are an important element of the preparation of employees at all levels and in all units, including of couriers – subcontractors. The trainings are based on a customer service standard.

New employees get 3 to 10 days of training before they gradually start performing their duties. Thanks to the optimization of the training, in 2020 Group employees and employees of the courier subcontractors spent almost 66,390 hours in trainings, or about 14 hours per employee.



Over the last few years the parent company has been successfully developing the programme Courier-Partners, allowing the best performing employees to develop their own business by concluding partnership agreements. We support them by providing guidance on process optimization and holding trainings for them and their

employees. In 2020, the employees of couriers-subcontractors of the parents have received 37,600 hours of trainings.

In 2020, trainings were held at DPD Romania to develop middle management, mainly focused on the Operational Department. The trainings were attended by warehouse coordinators, team leaders, and operating staff. We also provided trainings to the employees responsible for communication and concluding contracts with suppliers. We held trainings in business English and Microsoft Excel, as well as trainings for certification as forklift truck operators.

4.2.3. Attracting new talent

The professional development and experience are important for young specialists and we aim to support them by providing paid internship positions. Nevertheless, prioritizing the safety and wellness of both employees hired under permanent contracts, and interns, we determined that in 2020 it would be too risky to hold the internship programme “Speedy Seeks Talents” – an annual initiative to attract new talents to the parent company. We will monitor the epidemic situation in 2021 and if possible, will resume the programme.

It is also important for us to support students at vocational high schools that the parent company partners with, in the process of accumulating practical professional experience to support them in their choice of future career. In strict compliance with the approved health measures to minimize the spread of COVID-19, we continued to fulfil the commitments undertaken to 94 Secondary School Dimitar Strashimirov, Sofia, where we support the specialty “Logistics of Freights and Services”, “Courier” profession, the Transport Vocational High School, Ruse, with which the parent company has a contract for dual education in the major “Spedition, transport and warehouse logistics”, as well as 123 Secondary School Stefan Stambolov, Sofia, where employees of the parent company act as guest lecturers to the vocational class in “Transport Services”, “Logistics of Freights and Services” specialty, “Courier” profession. Unfortunately, in order to keep health risks to a minimum, we had to postpone some of our regular activities, such as on-site practical studies.

4.2.4. Work conditions and remuneration

The nature of our work requires flexible working hours and shifts. Therefore, the Group companies’ remuneration is based, in addition to the time worked, on the tasks performed. The remuneration of most of our employees consists of a fixed portion and additional payment based on monthly, quarterly, and annual achievements. The evaluation of achievements is a set of quantitative (for instance, number of shipments processed) and qualitative (for instance, number of shipments damaged) indicators. The evaluation is position-specific, and there is an additional weight factor for team performance in the case of team managers. The dynamic weekly evaluation is the basis for determining additional financial incentives.

Both in Bulgaria and at our Romanian subsidiary, the evaluation is performed automatically and feedback is sent in real time by SMS to our clients once they received their shipment at a Speedy office or at home. To determine the amount of remunerations, we also calculate specific key performance indicators (KPIs) of employees, and the main ones are those related to the satisfaction of customers for whom a certain employee is responsible. They have between 15% and 30% weight in the calculation of the employee’s overall appraisal. This set of factors, which we consider upon determining remunerations, provides an objective assessment of employees’ efforts and the adequate remuneration thereof.

In order for the remuneration formation process to be fully transparent, there is a separate model in the parent company's internal system through which employees, including those of couriers – subcontractors, can check what their monthly net remuneration would be. In case of discrepancies with the actual pay, employees may submit, by pressing a single button, feedback to the Human Resources Department, directly through the system.

In 2020 we worked on improving the remuneration formation processes by ensuring more efficient and accurate reporting. Our internal system for reporting the work of warehouse teams was automated, and an app was developed for automation of the staff remuneration ledger, which we plan to integrate in 2021 at the parent company.

4.2.5. Health and safety

We value safe operations and ensure that labour conditions be favourable. We fulfil all legal requirements related to health and safety, for both office employees and those in the warehouses or on the road. We hold mandatory trainings and periodic briefings on safe driving and safe occupational conditions. In 2020 there were just 8 accidents at the parent company, none of which was fatal. Heavy-freight trucks have an in-built telematic system through which we perform a complex assessment of drivers' road behaviour. We have identified specific measures in case of deviation from the safe driving criteria defined by the producer. This software facilitates the better management of the health and safety of drivers and other participants in the traffic.

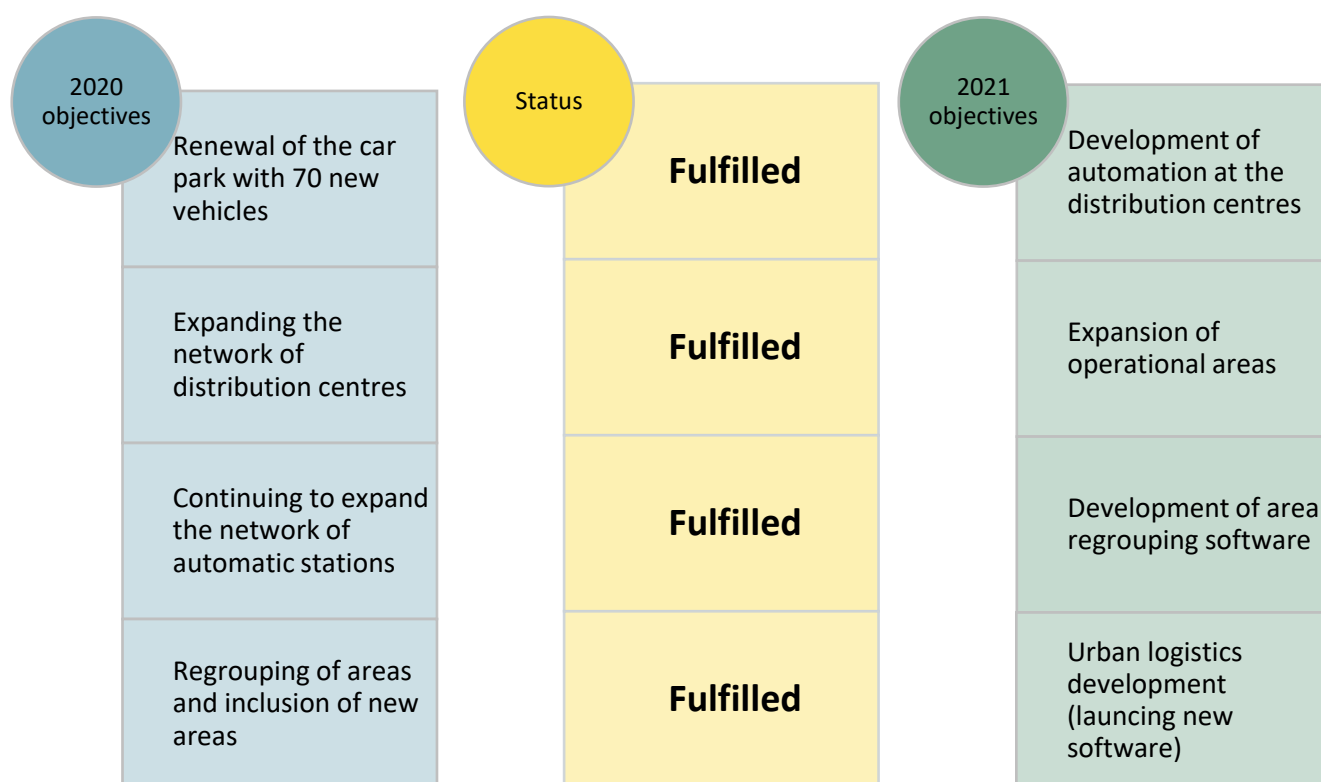
In order to ensure the security of its employees and clients in 2020, in the very beginning of the COVID-19 pandemic the parent company established an Operational Team for anti-epidemic measures for the entire company operations. The Team's work allowed for the timely and regular provision of certified protective equipment (masks, protective bandanas, helmets, gloves, disinfection preparations, etc.), reorganizing work at all levels, as well as continuous monitoring over the measures introduced. In order to establish an effective link between the Team's work and all employees, "Protect" working group was established, which facilitated the introduction of all safety measures, and the real-time monitoring of employees' health. An individual approach was introduced to identify persons inflicted with the virus, and in case of symptoms the respective employee was sent for home treatment and lab tests.

Some of the measures we introduced to the operations of the entire Group include reorganization of shifts at the distribution centres, return of parcels to the distribution centres, in order to minimize risks for employees in the office network, control over keeping distance, limited use of common premises, remote body temperature reading, etc. Thanks to the continuous monitoring and personal responsibility of employees, no virus clusters were identified at the Group.

5. Environment

5.1. Policies, objectives and risks

For a business like ours, the biggest environmental impacts are related to shipment transportation. The use of fuel by our vehicles, emissions and gases as a result of our transport operations and traffic are the elements that require the biggest attention. Over the years, the Group has initiated a number of activities related to optimization of processes and investments in new technologies, which aim to reduce transport and hazardous emissions related thereto. Next is the management of our offices and warehouses, as well as management of the waste we generate when packing shipments or maintain vehicles.

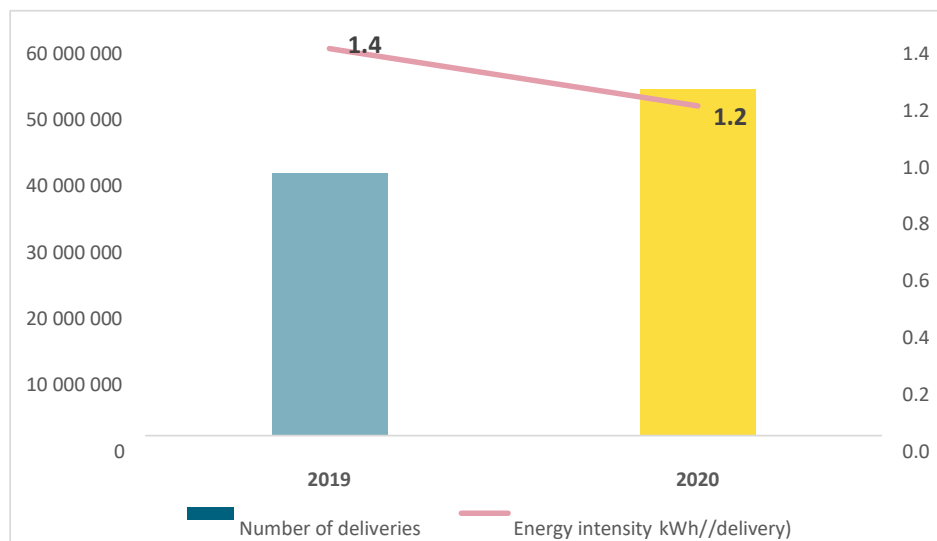


5.2. Initiatives and results

5.2.1. Logistics and transport

The optimization of logistic processes is one of the factors to reduce the Group's environmental impact and is the main focus of our work. By introducing anti-epidemic measures for dealing with COVID-19 in both Bulgaria and Romania, in 2020 we managed to adapt logistics so that it is again governed by the objectives of efficiency and reducing the Group's environmental impact. The COVID-10 related discontinuing of operation of the big business centres led to relocation of business deliveries to private home deliveries, which in fact increased by several times couriers' "stops". The successful management of the extraordinary situation and the consistent work towards improving operational processes enhanced the quality of the service offered by DPD Romania and placed it alongside the two leading Romanian companies in the sector.

Our efforts related to improving operational and logistic processes at Group level are evident from the data for the past two years, in which the total number of deliveries increased by 32%, while in the meantime we achieved a decrease in the energy consumption per delivery (energy efficiency) by about 15%. The Group's 2020 result shows that despite all challenges this year we again managed to provide a high-quality service and effective performance by means of area regrouping, and optimization of processes, vehicles, and human resources.



Regarding vehicles, the objective of the parent company for year 2020 was to add at least 70 new vehicles. We exceeded this objective by adding 502 new vehicles to our fleet. Group Speedy's light-freight and heavy-freight vehicles at the end of 2020 are 1,277 in total. LPG consumption increased by 15% compared to 2019, and reached 641,889 litres, diesel fuel – 6,238,180 litres, and gasoline – 235,303 litres. The increase in LPG consumption brings actual benefits related to environmental protection, since this fuel generates significantly lower fine dust and nitrogen oxides emissions. This is particularly good news in big cities, where the air pollution issue is a huge one.

We invest on a regular basis in the lightweight and heavyweight fleet's renewal and maintenance by purchasing Euro 6 transport vehicles that generate the lowest hazardous emissions and thus reduce our environmental impact. In addition, the heavyweight trucks we use have in-built telematic system that provides real-time information about the driving. It assesses environmental indicators such as fuel consumption, excess speed, how often and how abruptly the driver stops, etc.

It is a specific characteristic of the Romanian sector that over 95% of vehicles are owned by subcontractors. This significantly limits DPD's potential to apply measures to optimise fuel consumption.

Our focus in 2021 will again be on efficient logistics. Currently Speedy AD works on integrating a software solution to optimise routes and transportation times, and introducing a software functionality for area regrouping, with a forecasting functionality.

5.2.2. Green deliveries in urban environments

Electric cars

Group Speedy is making targeted efforts to implement innovative green courier practices to reduce emissions of SO₂, fine dust and nitrogen oxides. We believe that one of the best solutions in this direction is complete with electric vehicles. In 2019, through the parent company we implemented an innovative and environmentally-friendly delivery approach – the first electric three-wheeler in Bulgaria. The innovation is the one of the best solutions for environmental protection in urban conditions for delivery of shipments.



Designed to facilitate the courier company's needs, the three-wheeler may get useful load of 1,5 m³ (almost 200 kg). It is specifically designed for courier work thanks to the light frame and supporting electric engine whose main function is to support the rider's physical efforts. The charge is sufficient for a daily shift in the centre of a large city.

In 2020, the parent company launched another green solution through the pilot use of 5 fully electric paxters to service clients in the city of Sofia, Plovdiv, and Ruse. The new vehicles are fully electric, thus contributing to cleaner environment and higher delivery efficiency, especially in big cities. With a single battery run, paxters can go for 100 km without any hazardous emissions, and can carry about 240 kg. The narrow platform ensures easier access and easier parking in the city centre and quick deliveries, and the ergonomic design facilitates couriers and saves time and efforts. The noiseless operation of the electric engine is an added benefit to zero air pollution. Thus, paxters are another environmentally-friendly solution of the parent company in its consistent policy as a socially responsible company with over 10 years' experience in environmental protection and harmonious interaction of nature, business, and people.

In 2020, thanks to electric vehicles, we have delivered a total of 648,655 parcels which do not generate air pollution emissions.

We and our customers form part of the urban environment and the nature and all are jointly responsible for their protection. That is why we seek solution to align nature and its inhabitants rather than to just optimise costs. In 2021 we will again aim to offer even more alternative solutions corresponding to Group Speedy's green deliveries strategy.

5.2.3. Automatic postal stations

Another very important project for the Group that could support mitigating the negative impact of courier services on the environment is the network of automatic post stations. The automatic stations have a number of benefits for customers, and for our aim to protect the environment.

The automats are located at key places, many of which are big retail centres, allowing customers to access the stations after working hours, and to combine shipping with other tasks, such as shopping. In 2020, the number of automatic stations increased to 122. In view of the accessibility of locations, and the epidemic, clients more and more often choose the convenience of receiving their parcels via the automatic post stations, the use of which increased by over 25% in 2020.

An important aspect of automatic stations is their energy efficiency. The automats are energy efficiency, with monthly electricity consumption between 20 and 30 kW. Their use decreases the number of courier trips to homes or Group Speedy offices, thus saving fuel and hazardous emissions at the final stage of delivery, which is of key importance.

The security of deliveries through automatic stations is of the highest priority. Since they are located in retail sites, all automatic stations are secured, and in addition, each of them is equipped with its own security camera. Shipments go through a distribution centre which ensures additional security and traceability thereof.

5.2.4. Our offices

In 2020, the office network of Group Speedy continues to expand and the total number of offices reached 458 (including partner offices of the Speedy Parcel Shop – SPS type). Offices continue to be redesigned in accordance with the new corporate standard, and at the end of 2020 342 offices of the parent company have already been renovated (its own and partners' offices). The standard sets the outlook of work premises, as well as the experience of clients. Our offices have a business outlook, communication monitors and POS-terminals for card payment. The storage premises follow the standards for such premises and are organized based on parcel size for the purpose of convenience and staff safety.

In 2020, at the parent company we managed to further develop and apply a Customer Service Standard at the offices, including exercising control over customer service and staff interaction in accordance with the epidemic situation.



In 2021, we aim to focus on expanding the capacity and optimizing the work premises, including improving clients' experience at the parent company's offices. The expansion and improvement of offices will be a prerequisite for new workplaces and investments in further innovations.

In Romania, our company did not have an office network, due to the specifics of the local market, and the development thereof started over the last few years, with a focus on automatic post stations. In plan to develop our office network in 2021 and increase the number of automatic post stations.

5.2.5. Our warehouse network

The buildings we use for our warehouses, as well as for our headquarters, have been built in accordance with sustainable construction standards or have been reconstructed in accordance with all modern requirements needed for our operations. In 2020 the parent company continues to introduce automations to the distribution centres, aimed at increasing its operational capacity and effectiveness. At one of the centres in the city of Sofia (Sofia – Iztok), a new conveyer belt has been installed for processing parcels up to 3 kg in weight, with capacity 7,000 parcels an hours, which allows the automated organization of parcels per courier area and delivery schedule. The centres in Sofia are also equipped with stations to measure the weight and dimensions of each package, and for scanning information about each parcel, in order to allow for forwarding thereof. Over the last year, we expanded the operational structure of the centres in Veliko Tarnovo and Varna.

In 2021 the Group plans to introduce further organizational changes to ensure maximum warehouse efficiency, the aim being to install automated outputs and measuring stations in each distribution centre. We also plan to expand and optimise the operational premises in our centres in Sofia and Ruse.

5.2.6. Energy consumption and emissions

The growth in business, the use of bigger fuel volumes, the opening of new offices and distribution centres inevitably lead to an increase in the total energy consumption at the Group and the carbon dioxide emissions related thereto. The Group's energy consumption in 2020, comprising warehouses, offices and vehicle fuel totals 74,718,357 KWh, which is higher more compared to 2019, due to mainly to the big growth in the number of deliveries.

Electricity consumption is mainly for heating and lighting, which we aim to use as efficiently as possible. Most depots and distribution centres are modernize and specifically built for our purposes, in accordance with the best efficiency practices. The equipment consumes minimum energy. The bigger sorting lines are new and energy efficient. The biggest proportion of the energy consumption is due to the car fuel use. That is why we constantly renew the car part, and currently the average car age is between 3 and 4 years, respectively with the highest Euro standard and lowest energy consumption. We invest in systems that monitor fuel consumption and provide monetary incentives to drivers and couriers which minimize fuel consumption.

Thanks to all these efforts, the emissions generated for the delivery of one parcel (emission intensity) has decreased for another year, despite the growth in our business. The increase in the number of deliveries for a

year is 32%, while the emission intensity for the year decreased by 14%. The overall CO2 emissions volume is 18,618 tons.



As a participant in the collective system of Ecopack Bulgaria, the Group has saved 175.6 tons of greenhouse gas emissions, calculated in CO2 equivalent tons, or emissions equal to 650,770 calculated in car mileage equivalent.

EMISSION INTENSITY KGCO2/DELIVERY

0.417 2019
0.358 2020

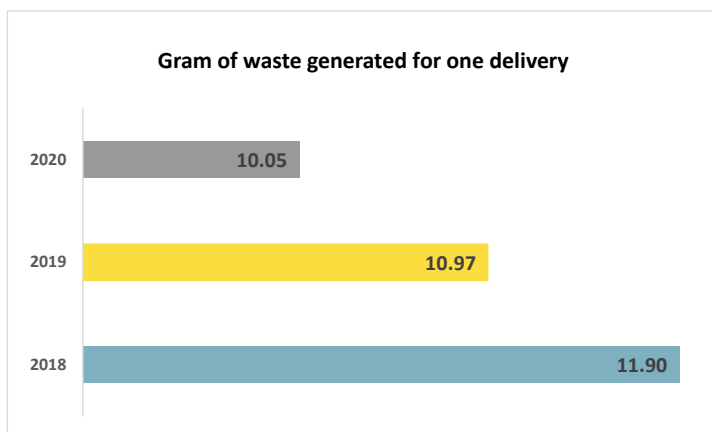
5.2.7. Disposal and packaging

The shipping package envelopes are made of polyethylene with an addition of a fast-degradable component under Epi Global’s technology polydergalax. During the manufacturing process, no components and colouring agents containing heavy metals such as lead, cadmium or mercury are used. The envelopes are recyclable and designed as reusable. In a free state the material is degrading for a shorter time than the simple plastic bags. Thus, we save the quality and security for customer shipments, as harmful impact post usage is reduced. At Group Speedy, the separately collected waste is given to licensed recycling companies. The main waste is packaging of the shipments to customers. and against this packaging Ecopack is obliged to process the respective volumes. The obligation for processing the waste volumes generated lies with the respective utilisation organisation.

The parent company is part of the collective system of Ecopack Bulgaria AD, which guarantees the recycling of materials equal to a minimum of 60% of the waste packaging introduced by us to the market. Over the last year 193 tons of packaging were collected and recycled. Together with Ecopack, through the parent company, we contributed to environmental protection by saving 940 trees from cutting, saving 1.163 million kWh of electricity, 2,299 m³ of water and 422 barrels of oil and reduced the volume of waste deposited to urban depots by 289 m³.

DPD Romania also supports its customers to use packaging materials in the right and economical way. The website of the company provides instructions for packaging, and when a corporate customer faces problems in packaging shipments, a DPD Romania’s employee goes on site to investigate the problem and support its resolution.

On the one hand, in 2020 the total volume of waste generated at Group level increased by 21% compared to 2019, but on the other hand, there is an even greater growth in the number of deliveries in the period – 32%. When we compare the volume of waste generated with the number of parcels delivered, we can see that in 2020 the weight of waste from the delivery of one shipment is 8% lower than in 2019, and over 2018-2020 it has decreased by 16%.



6. Society

6.1. Policies, objectives and risks

Through the years Group Speedy has been established as a responsible market and society player. We have full coverage of our services in the country, reaching out to every spot; we have built partnership with local small enterprises and we support their development, we nourish our entrepreneurship spirit in our courier-contractors and we support them in the development of their micro-companies and last, but not least, we invest in a brighter future by supporting social initiatives related with education and sports.

| 2020 objectives | Status | 2021 objectives |
|--|------------------|--|
| Expanding the office network - 100 new locations | Fulfilled | Expanding the capacity of offices and automation of warehouses |
| Developing online trade on the Bulgarian and international markets | Under way | Foreign customers selling in Bulgaria |
| Care for priority customers | Fulfilled | Improving digital customer experience |
| Software support and development of Market Connect | Postponed | Launching the Predict service in Romania |
| Opening a new location in Bucharest | Fulfilled | |
| Launching the Predict service in Romania | Postponed | |

In 2021, the priority tasks of the parent company will include improving the infrastructure and expanding the capacity of offices and distribution centres. We will continue to improve processes and to integrate automated solutions to ensure higher quality and timely processing of packages. We also plan to work actively on improving the overall customer experience and satisfaction. One of the steps in this direction is introducing new functionalities to My Speedy, with a possibility for precise definition of client addresses.

DPD Romania's plans include the launch of the Predict service, unique to the Romanian market, in all big cities in the country.

Our market-related objectives are development of transborder trade from abroad to Bulgaria, because there is great interest in Bulgaria on the part of local companies in Romania, Greece, Central and Eastern Europe, which have not yet been offered an adequate logistics service. Another objective is to establish relations with online traders selling their products in Bulgaria, by means of a package for active contact with traders outside Bulgaria, including prices, a ready logistics solutions for integration and priority service to traders of substantial volumes. Our plans include investment in a software for integration of delivery modules with those of online shops through delivery of the Market Connect platform.

6.2. Initiatives and results

6.2.1. Direct economic effects

The effects of Group Speedy's activities are not only limited to the successful and satisfactory package delivery to our customers. In 2020 we have successfully delivered almost 52 million shipments to their recipients in a safe and responsible manner (32% more than in 2019). A large part of these shipments was dedicated to online dealers that manage and operate their businesses with our delivery services. Despite the challenges of the epidemic situation, the increased work volume and the reorganisation of processes and human resources, we managed to maintain the price and quality of our service.

Thanks to the Group's activities we have provided employment and compensation to 2,158 employees and even more subcontractors in Bulgaria and abroad. In 2020 in Bulgaria the Group had payroll expenses amounting to over BGN 48 million. As a responsible and transparently governed Group, we are correctly paying off our state and authorities taxes, and over the last year the taxes and social security contributions paid increased to over BGN 34 million. This year the amount donated by the Group for social projects reached BGN 260 thousand. The parent company invested over BGN 770 thousand in protection equipment and disinfection activities.

In 2020, customer care was again a major Group mission. We continue to improve corporate customer service, by reformulating the specific key performance indicators so as to more accurately track all performance challenges and to monitor customer satisfaction. As early as 2019, we introduced personal corporate customer services, which includes redirecting a specific client to the employee responsible for and knowing them. If this employee is not currently available, he or she contacts the customer within 24 hours to discuss the case. In case of negative feedback, in about 95% of all cases our employees return the call within 20 minutes, and in 98% the case is closed by the end of the day.

Over the past year, we also introduced the "Hyper Care" project for new customers of the parent company, through which we aim to pay special attention to clients over the first 3 months after concluding a new contract. The aim is to support our clients upon starting joint work in getting to know and understanding better the



policies and conditions of the parent company by monitoring their flow and activities for each delivery.

Another priority was development of our work on the international market. By applying the specific experience of Rapido related to trans-border deliveries, the Group, through the parent company, opened a whole new market segment which has no analogue in Bulgaria's courier companies. We created services at very good prices mainly intended to e-shops in Central and Eastern Europe. We operate shuttles which travel on a daily basis and within 24 hours subcontractors deliver cash-on-delivery shipments to Romania, Greece, Hungary, Slovakia, the Czech Republic, Poland, Slovenia and Croatia. These new markets over the last year had the greatest contribution to the growth in international deliveries and already form a significant portion of the Group's revenue through the activities of the parent company. In 2020, the total number of countries in which subcontractors of the parent operate is 50, and in 35 of them there is a significant increase in deliveries. We forecast an even greater increase in our business exactly from transborder trade. Our priorities will continue to include a growingly wider recognition of Group Speedy as a group of companies rendering high-quality international services.

Customer satisfaction

Back in June 2019, the parent company created a feedback system unique to Bulgaria, through which clients can send SMS feedback for each shipment. The system was supplemented by launching an internal software developed by Speedy AD, by means of which Viber messages are sent to clients to facilitate easy and convenient service rating. In 2020, the overall feedback result shows 97% customer satisfaction, which is an improvement compared to 2019, when the result was 94%. The measuring of customer satisfaction is done specifically for an employee, who is responsible for a so-called "client basket". In the past year, at the parent company we introduced quantitative key performance indicators for the number of clients services, number of calls made, feedback reaction time, and other indicators.

We continued to improve the way of management of return claims at the parent company. Thanks to the link between the units "Sales and Customer Service" and "Return Claims", real-time feedback is forwarded for reply within maximum 2 hours after a signal is submitted, and the client receives a call. We notify them that we have started work on their signal and send a request for details on the case. Afterwards, within the business day, the necessary actions are taken to commence collection of information to prepare an expert opinion. The period within which we manage to close return claims is less than two weeks, and on the days an opinion is issued stating that the claim is justified, the compensation payment procedure is initiated.

In 2020 we contacted 95% of the clients who submitted signals, within 20 minutes.

It is a curious case that a significant portion of negative feedback cases are in fact related to the parcel's content, that is, to the sender. Thanks to the measures to reduce reclaim claims in 2020, they amount to only 0.0004% of all deliveries at the parent, which is a decreased of 48% compared to 2019. Feedback and return claims are analysed on a quarterly basis and actions are identified for improvements and decrease of return claims. All employees of the parent company whose responsibilities and obligations may give rise to return claims have targets related to decreasing the number of return claims.

Our Romanian company also applies an internal solution to measure customer satisfaction (Courier feedback) by sending SMS to the client to evaluate the service. Evaluation is easy and intuitive for clients, who can choose between positive, neutral and negative feedback. Giving neutral or negative feedback allows for making recommendations or stating possible reasons for displeasure. In case of negative feedback, the system

automatically sends a message to a special group of employees in the Customer Service Department, who contact the client within 1 hour to address the issue.

Customer feedback regarding the work of DPD Romania in 2020 shows over 97% satisfaction. The improvement in the service quality and delivery periods, irrespective of the extraordinary situation in 2020, resulted in a decrease in return claims by 68% compared to 2019.

Standard 24 h

Through Standard 24 h we simplified the office-to-office delivery service within 24 hours, which allowed us to offer customers a very competitive price. The service also provides the possibilities for office or another address delivery in return of additional payment. This encourages our customers to prefer delivery to an office, which saves the last delivery mileage and helps us reduce our negative impact.

Predict

As early as in 2019 the parent company launched the Predict Service, which is unique on the Bulgarian market. It ensures extremely accurate planning of deliveries and notifies customers of a 1-hour interval in which their shipment will be delivered. This service is useful to both customers and our employees, because it is related to more precise planning and route optimization. It ensures the comfort of even new employees, because it is linked to a map that sets the route and allocates shipments in the best possible manner over time. An additional benefit of this service is that the route and delivery schedule optimization decreases mileage and the environmental impact related thereto.

Smart Control

The goal of Smart Control is to satisfy the growing needs of customers for complete and comprehensive information about shipments in real time. Each recipient, at the time of sending a shipment for him, receives an SMS, viber or e-mail notification of expected next day delivery with a short link to a personalized page "Smart Control". After clicking on the link or opening it in a browser, the recipient of the shipment can find all the necessary information about: the sender, the contents of the shipment, the amounts due for cash on delivery and others, as well as control over its delivery. The customer has the opportunity to forward the shipment to one of the five nearest offices or Speedy vending machines completely free of charge within the same location. Depending on the time of diversion, the shipment can be delivered on the same business day or the next day at the latest. Other free options are "Return the courier for a repeat visit", in cases where the courier has failed to contact the customer, "Postpone delivery for the next day" and "Cancel shipment". The "Feedback" option is also available for certain customer groups. Through it we collect very valuable information about the benefits of the services we offer. Customers share what they need, which gives us clarity on what to focus on and improve.

6.2.2. Social initiatives

As a socially responsible company, it is the vision of Group Speedy that the business should undertake commitments not only within the framework of financial development and labour conditions, but also through taking care to improve social living conditions.

One of the main topics in 2020 was providing support to deal with the challenges in the COVID-19 situation for our employees, clients, and the public. In order to protect the health of our clients and employees, we made timely and substantial investments in purchasing and producing protective and disinfection equipment. In the meantime, we took care to perform our activities in a responsible manner and without interruptions, even in the periods when the strictest measures were imposed.

We focused our efforts on providing support through the things we are best at. Throughout 2020, Speedy AD delivered parcels in its capacity as partner to the biggest charity to support the fight against COVID-19 “#forthegood”, and delivered food to people in need, in partnership with the charity initiative of Nova TV and Metro. DPD Romania was also actively involved in supporting measures to cope with the extraordinary situation in Romania and was among the first courier firms that made free deliveries of medical equipment to hospitals all over the country, including to quarantined areas. The company donated a significant amount which was used for the purchase of various equipment needed by Romania’s hospitals.

Our efforts to provide high-quality services in the extraordinary situation did not prevent us from maintaining service affordability, through which we managed to support and provide security to our clients. Maintaining low delivery prices is part of the Group’s commitment as a socially responsible group of courier services, whose mission is to offer products and services with responsible care to people and guaranteed integrity to clients. The Group’s management considers the development of corporate sustainability as a modern business approach that forms long-term strategies not only in terms of business, but also a long-term strategy creating benefits to clients, employees, and users.

6.2.3. Support to the local communities

Speedy Parcel Shop

Our Speedy Parcel Shop programme is one of the most important instruments through which the parent company reaches as many customers as possible. It makes it possible for 125 partners or ours, small businesses, to combine their business with Speedy’s services. For instance, a small books and stationery shop provides its customers with the possibility to also receive or send packages through Speedy. Thus, our customers may use our services in the most remote parts of the country and combine shopping with visits to our office. This type of partnership is characterized by a minimal investment by the partner – all they need is a computer with internet access and a printer. On our part, we support them with the necessary equipment – scales, scanner, label printer. We do not take preliminary deposits from our partners, which is a frequent practice in the sector. This gives our partners a possibility to expand their business and revenue by adding additional services.

Group Speedy in support of health and sports

As a group in which dynamics and movement are everyday, sports and good health are important topics. First and foremost, we strive to support our employees in maintaining their health and to provide more and more opportunities for sports. The topic is of great importance for our entire society, especially for children and young people who are just developing their habits of movement. That is why Group Speedy has traditionally supported children's sports initiatives for years.

In 2020, Group Speedy supported the **CSKA Basketball club**. In the hard pandemic period, financial support is of major importance for the teams' participation at tournaments. CSKA has had a basketball team since 1948. Ever since it was established, the club has been a leading structure for the development of basketball in Bulgaria, and apart from its achievements in the representative men's team, the team boasts the youth CSKA player preparation, which has worked with dozens of top basketball players.



Despite the extraordinary situation, we also took part in the donation campaign of **Vlado Nikolov volleyball club**. The club was established at the end of 2015 aiming to support people of all ages and sport levels to practice their favourite sport. This is also the first group that established a group composed of children aged between 5 and 7.

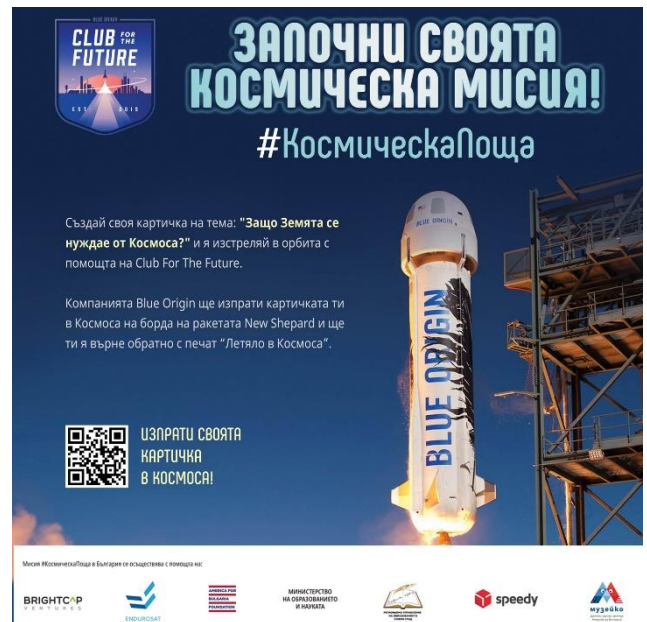


In 2020, Group Speedy also provided financial support to the **Children's Rhythmic Gymnastics Club and CSKA Children's Hockey Club**.

Group Speedy supporting children

In the Christmas spirit of generosity and care for children, Group Speedy, through the parent company, undertook to deliver free of charge 60 packages with children's books provided by the **Children's Books Foundation**, thanks to donations from publishing houses and private persons participating in various reading support initiatives. The books were donated to Magical Pearl readers' clubs all over the country.

We took part in the **Space Mail international programme** and provided a great opportunity for students all over the country to send their messages into Space. In this initiative, we partnered with America for Bulgaria Foundation, the Ministry of Education and Science, the Regional Inspectorate of Education – Sofia City, the Bulgarian space company Endurosat, BrightCap Ventures and the Muzeiko Children’s science centre. The young people drew or described their attractive ideas on the topic of “Why the Earth needs Space?”, and our couriers transported their messages from schools throughout the country to Muzeiko, where the cards were collected and afterwards sent in space onboard the New Shepard rocket. After the extraordinary trip, each student got their card back, bearing the “back from Space” seal.



This year once again Group Speedy, through the parent company, supported the cause of the Association of parents of children with Down Syndrome, by delivering free of charge the Association’s 2021 calendars.

On multiple occasions, DPD Romania has demonstrated its care for education, and it is actively involved in charity initiatives focused on children and youths. In 2020, DPD Romania made free deliveries of basic learning materials to children in need, which were particularly needed for online learning, such as laptops, tablets, and smartphones. Besides independently by DPD Romania, the initiative was carried out in partnership with various organisations, such as “Save the Children”, Olga Gudim international school, Youth Sports Association and the Barefoot Love Association.

As part of its commitment to the topic of education in Romania, in 2020 DPD Romania invested a substantial financial resource in the education of gifted children, and for the reconstruction of schools in rural areas.

7. Appendix

Summarised data of Group Speedy for years 2019 and 2020

| Indicators by significant areas | unit of measure | 2019 | 2020 |
|--|-----------------|------------|------------|
| Economic | | | |
| Employee benefit expenses, including social benefits | BGN'000 | 37 688 | 46 732 |
| Paid fees, charges, insurance contributions to the state and to municipalities | BGN'000 | 29 984 | 34 879 |
| Investments in the community, donations and sponsorships | BGN'000 | 29 | 260 |
| Market | | | |
| Number of shipments delivered, total | number | 39 586 064 | 52 172 982 |
| Number of deliveries without hazardous emissions (with electric cars) | number | 517 352 | 648 655 |
| % return claims of all deliveries | % | 0.011 | 0.002 |
| Energy consumption | | | |
| Total electricity consumption | KWh | 4 730 273 | 5 431 574 |
| Total energy consumption (electricity + fuels) | KWh | 62 037 132 | 74 718 357 |
| Energy intensity | KWh/shipment | 1.4 | 1.2 |
| Car park | | | |
| Diesel vehicles | litres | 5 104 840 | 6 238 180 |
| Petroleum vehicles | litres | 234 049 | 235 303 |
| LPG vehicles | litres | 557 498 | 641 889 |
| Greenhouse gas emissions | | | |
| Total emissions | ton CO2 | 15 745* | 18 618 |
| Emission intensity (per shipment) | kg CO2/shipment | 0.417* | 0.358 |
| Waste | | | |
| Single-use plastic packaging (LDPE) (kg) | kg | 251 624 | 293 301 |
| Paper and cardboard (kg) | kg | 43 357 | 63 810 |
| Car batteries (kg) | kg | 7 134 | 10 092 |
| Tires (kg) | kg | 43 985 | 57 266 |
| Oil (l) | kg | 5 895 | 10 558 |
| Total | litres | 434 101 | 524 321 |
| Labour practices | | | |
| Number of employees (total) | number | 2 007 | 2 158 |
| Number of employees (women) | number | 643 | 682 |
| Number of employees (men) | number | 1 364 | 1 576 |
| Number of employees with termless or permanent employment contract | % | 100 | 100 |
| Number of employees with fixed-term or temporary employment contract | % | 0 | 0 |
| Staff turnover | % | 69 | 71 |
| Number of fatal accidents | number | 0 | 0 |
| Number of incidents resulting in more than 3 days' leave | number | 8 | 8 |
| Calendar days lost due to accidents | number | 256 | 160 |
| Incidents of discrimination | number | 0 | 0 |

| Indicators by significant areas | unit of measure | 2019 | 2020 |
|---|-----------------|--------|--------|
| Corruption signals | number | 0 | 0 |
| Trainings related to ethics, human rights or anti-corruption | hours | 1 010 | 1 617 |
| Percentage of employees who receive regular performance and development appraisal | % | 45 | 45 |
| Total training hours | number | 61 836 | 66 390 |
| Average number of hours per training/employee | number | 31 | 31 |
| Total training hours (subcontracts) | number | 36 000 | 37 600 |
| | | | |

*2019 emissions were restated to renewed emission factors for emissions from electricity use, provided by the International Energy Agency (CO2 Emissions From Fuel Combustion Highlights).