



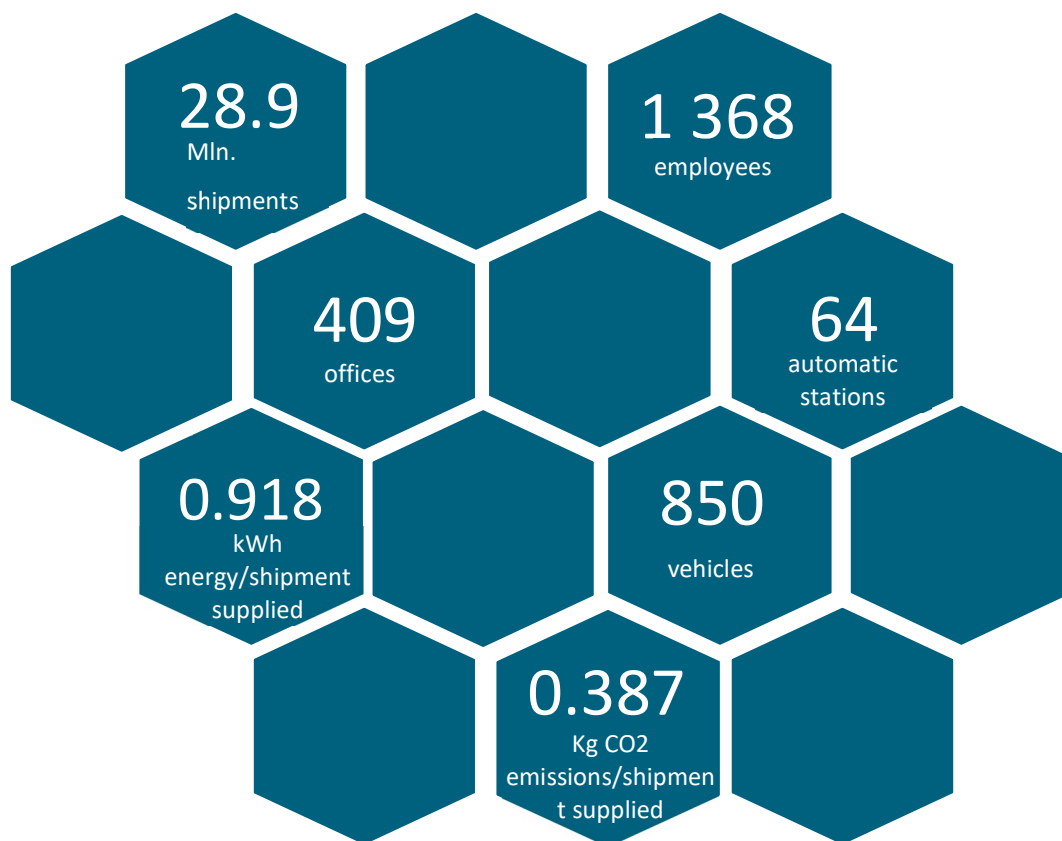
**speedy**

# Non-Financial Report of Speedy AD for year 2019

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## Speedy in 2019



## About the Report

This is the Non-Financial Report of Speedy AD for year 2019. It contains quantitative and qualitative data on key topics related to the Company's ethical management, its relations with employees, partners, customers, and its environmental impact. The Report comprises the period from 1 January 2019 to 31 December 2019 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.

## About the Company – aim and strategy

Speedy AD is a company with long-standing experience in the field of deliveries in Bulgaria and Romania, and for the past two years has also operated in Greece. We aim 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.

Since November 2014, the Company has owned 100% of the capital of DPD Romania. In October 2018 Speedy AD acquired 100% of the capital of Rapido Express and Logistics OOD.

More about the Company's business model, including our aims and strategy for year 2019, is available in the Management Activity Report of Speedy AD.

# Products and services

Courier services form about 97% of the Company's revenue. A detailed description of our services and their proportion in the Company's success is available in the Management Activity Report of Speedy AD for 2019.

## 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.

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

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 our Code of Ethics. 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 company. Speedy 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.

### 2.2. Initiatives and results

The Code of Ethics is accessible to all employees at the Company and is a mandatory part of their training. In 2019, 1,010 trainings were held to acquaint employees with the Code of Ethics, as part of each new employee's induction training. Each employee gets to know to the provisions of the Code of Ethics through their line manager within 7 days from starting work.

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 Human Resources Department's priority and an indicator for the team's success.

On a monthly basis, we receive about 1,500 inquiries or signals from employees through the HR Help Desk system and 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 the Company has access to in relation to its operations. The Company complies strictly with the requirements of the national legislation and Regulation (EU) of the European Parliament and the Council of 27 April 2016 on personal data collection and processing. Our Personal Data Protection Policy is applied for all personal data collected and processed by the Company, including the personal data of customers when they visit the Company's website or use our services.

Prior to implementation of GDPR, we contacted a consulting firm which audited personal data management in both our Bulgarian and Romanian companies. 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. Two years ago, we conducted an IT audit based on the 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.

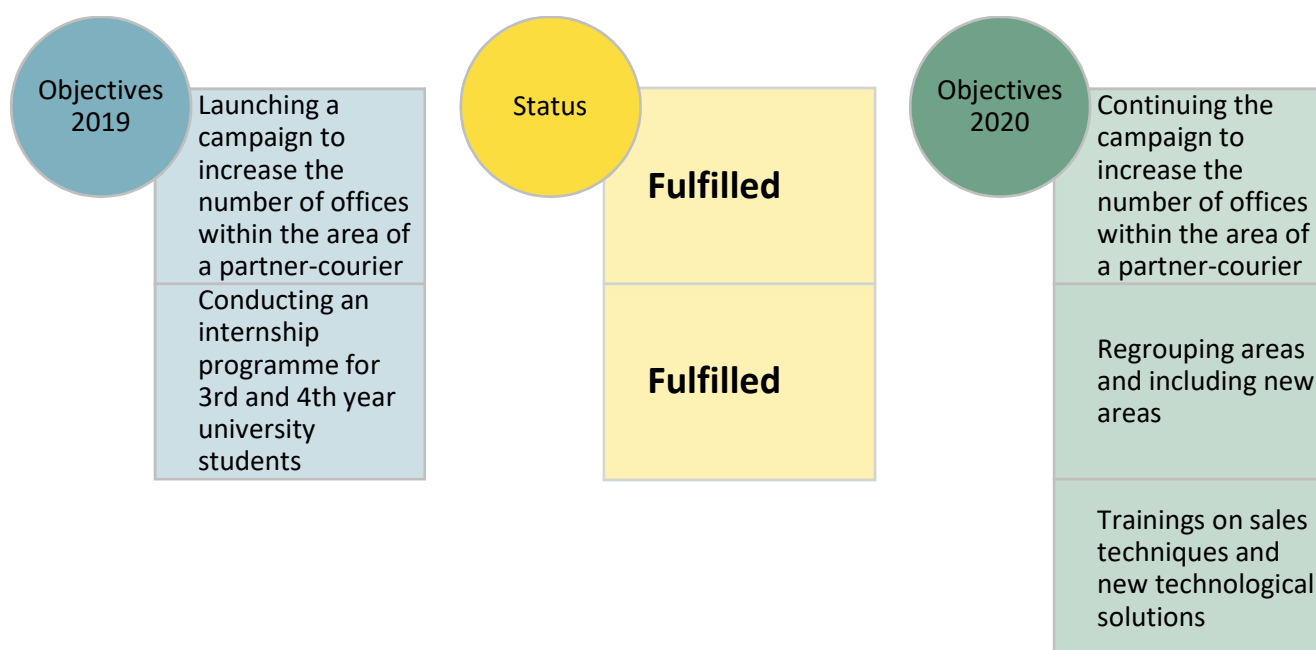
In 2019 there were no complaints by customers regarding personal data violation upon processing by Speedy AD. No cases have been identified of theft or loss of customer data.

## 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 2019 the number of staff at the Company is 1,368 people, which is another year of growth for us. Due to the nature of our operations, some of the departments are preferred by men, who constitute 65% of our Company's employees, while women hold 35% of positions. 99% of all employees have permanent employment contracts. There are no collective labour agreements at the Company. In 2019 there were 8 occupational accidents, of which none was fatal.



## 4.2. Initiatives and results

### 4.2.1. Projects

#### Role rotation

As early as 2018 we commenced a long-term project for role rotation of the employees in the Human Resourced Department, which we completed in 2019. This project was a result of our aspiration to overcome specific challenges related to the Department's tasks, which are both varies and very specific. The aim of the project was to change the model of work with a more effective one. In the previous manner of work, a certain employee was the only one responsible for a certain activity. This posed the Company to risks, both short-term – in case of absence of this employee, and long-term – in case of change of position, maternity leave, or leaving the company. What is more, there are peak periods at the Department in certain months and all the load had to be taken by the respective employee. In order to overcome these risks and facilitate the work process of our employees, we gradually described and updated all processes and activities so that they are understandable for all team members and began switching the roles of the Department's employees at 2-month periods. This work model ensures equal distribution of work and allows each employee to be substituted and supported, if needed. An additional benefit of this project is the exchange of ideas between colleagues who exchange their roles. The positive outcomes are already visible: valuable novelties in the work process, optimization of activities, communication with other departments to obtain information, digitalisation of forms, and increasing employee's overall proactivity and motivation.

Due to the success of the project in the Human Resources Department, the Role Rotation project was also introduced to the International Operations Department in 2018. We plan to continue using this new model and seek additional methods for development through exchange of ideas and experience among colleagues.

## Integration of the work of line managers and the Human Resources Department

At Speedy, we are aware of the difficulties related to understanding the theoretical information that new employees encounter upon commencing work. In order to facilitate this process, in 2019 we introduced a structured approach for peer collaboration called Conference Call. The aim is for employees to exchange specific operational knowledge and skills. Conference Call allows more experienced colleagues to explain, by means of specific written examples and instructions, which on its part supports newcomers to successfully apply them in practice.

## Scanning archive centre

At the end of 2018 we systematized the entire documentation from the different distribution centres and offices and centralized it in a scanning archive centre. Moreover, we adapted processes in the entire company so that they comply with the latest GDPR requirements. A result of the creation of the scanning centre was the introduction of digital signatures. We use pads specifically developed to obtain digital signature, which increases the security of our customers and prevents them from abuse. Apart from a number of technological advantages, pads also correspond to our policy for sustainable care for the environment.

## Managing the Company's operational capacity

This project involved mostly the capacity of distribution centres which impacts deliveries to addresses and to Speedy offices. The project is strongly focused on customers, because it allows us to undertake a specific commitment on the day of delivery and ensure compliance thereof even in the busiest periods of the year. Thanks to it, in November and December we achieved the best results in the history of the Company and a record number of shipments per day. This project will be supported by the regrouping of areas and creation of new areas planned for year 2020. The aim is to develop as effectively as possible the capabilities of our increased headcount. The improvements related to management of operational capacities also supported the well-being of our employees, since they relieved the work of each of them in months of serious workloads. And the satisfaction with the record-breaking results was an additional incentive for improvement.

### 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 and we gradually unify the approach to different positions, such as driver couriers, office couriers, sorters. We transformed the training for driver couriers and managed to optimize time, reducing its duration from 4-5 days to 1 day. New employees get 3 to 10 days of training before they gradually start performing their duties. Thanks to the optimization of the training, in 2019 our employees and employees of the courier subcontractors spent almost 56,080 hours in trainings, or about 41 hours per employee.



Another important group is that of low and mid-level management. For them, we organize annual trainings to develop soft skills. These include topics such as time management, staff selection, team management, while for

others topic such as performance appraisal, conflict resolution and decision making are more appropriate. Employees underwent almost 1,040 training hours in 2019.

### 4.2.3. Attracting new talent

#### “Speedy seeks talent”



In 2019, an internship programme was held for 3<sup>rd</sup> and 4<sup>th</sup> year university students. The internship was from May to September. The main aim of the project was to acquaint young talents in practice with the specifics of an international company, and they received an adequate payment for their work. We were extremely tolerant in the intern selection and approved not only students from the major “Logistics, Spedition, Transport”, but also students interested in the courier business. The only condition was for applicants to be at least 3<sup>rd</sup> year students and to have good knowledge of English. What is more, the interns had the chance of permanent employment as low or mid-level management staff.

#### Focus on secondary vocational education

In order to support students in the process of accumulating practical professional experience to help them in choosing their future career, in 2018 we commenced partnerships with vocational high schools all over the country. The success of this project is undoubted, since will continue the implementation of all activities from last year, and the interest in the new majors is continuously growing, and in 2019 new classes were created.

- We have a contract with the Transport Vocational High School in the town of Russe for dual education in the major “Spedition, Transport and Warehouse Logistics”.
- With Speedy’s direct involvement, 123 Secondary School Stefan Stambolov in Sofia successfully opened in 2018 a vocational class whose focus is “Transport Services”, major “Logistics of packages and services”, profession “Courier”. Due to the growing interest in this major, two more classes were established for eight-graders in 2019.
- We are continuing our partnership with 94 Secondary School Dimitar Strashimirov, Sofia, in which we provide support to the major “Logistics of packages and services”, profession “Courier”. There is growing interest in the practice internship of 22 students in the class, which Speedy carried out in 2018. Therefore, at least 50 interns will take part in 2020.



- We received a letter of gratitude from the Vocational High School for River Ship Building and Sailing in the town of Russe for our joint work on the internship for students from the “Logistics of packages and services” major.

#### 4.2.4. Work conditions and remuneration

The nature of our work requires flexible working hours and shifts. Therefore, our 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. The evaluation is now 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 plan to test automated calculation by the end of the year. The main KPI is the customer satisfaction rate among the customers for whom an employee is responsible. At the end of each month, through emails and phone calls, we survey the performance of the respective employee. The current objective is to achieve 91% customer satisfaction, and in the second quarter of this year the objective will increase to 95%. In 2019, we also introduced a Predict bonus to reward couriers for their precision.

This set of factors that we consider when forming remunerations, ensures an objective assessment of employees' efforts and their adequate remuneration. In order for the remuneration formation process to be fully transparent, there is a separate model in our 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 feedback to the Human Resources Department directly through the system.

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 conduct mandatory trainings and periodic briefings on safe driving. We consider the nature of work and provide the necessary personal protective equipment, as well as collective protective equipment. For warehouse workers, for instance, we have specific work regimes, and depending on the season provide them with high-quality work clothes. In 2019 we made overhauls of buildings and opened a new distribution centre in accordance with the latest health and safety requirements. Moreover, we are constantly renewing the equipment used by our employees. The vehicles in our renewed car part not only ensure comfort to employees, but also pose fewer risks of traffic accidents. In 2019 we only had 8 accidents, none of which was fatal.

Again in 2019, our employees could use the multifunctional sports area on the territory of Sofia City Logistic Park. It offers varied sports activities, such as mini football, volleyball, tennis, streetball and street fitness, as well as a sports hall with changing rooms and bathrooms. There is also a restaurant in the sports area.



#### 4.2.5. Support to couriers-subcontractors

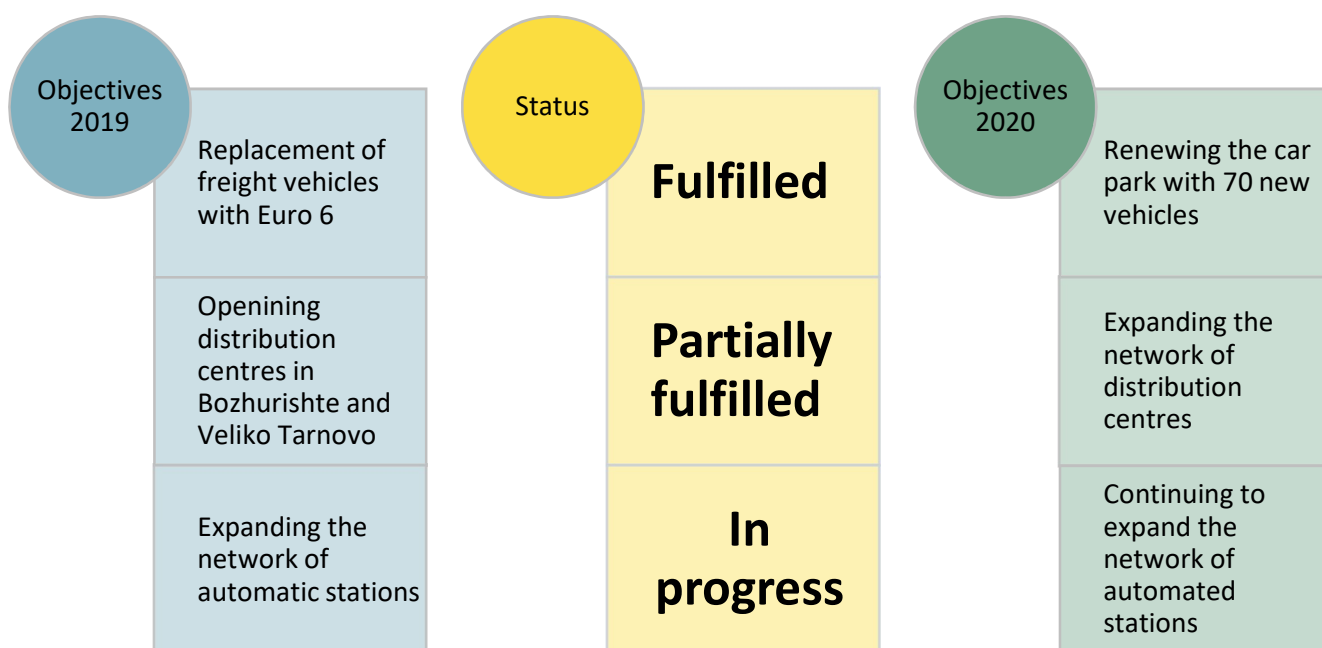
In 2019 we commenced a campaign to increase the number of offices within the area of a partner courier. The focus was on optimization and achieving better coverage in the area of partner couriers. The result was an increase in the number of offices and creating 60 additional working places to service end customers. We plan to continue the campaign in 2020.

In 2019 we continued to support our partners by optimizing processes and conducting trainings for both them and their employees. In 2019 the staff of couriers- subcontractors were provided with 36,000 hours of trainings or 80 training hours per person on average. In order to reduce the loan on some areas, we established the City Logistics unit, which aims to service certain bigger customers of the Company. This approach allows us to reduce the volume of work for some offices and ensure greater predictability and service quality for these biggest customers. The unit is essential to our business in Sofia, but is also applicable to some other large cities in the country.

## 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 Company 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.



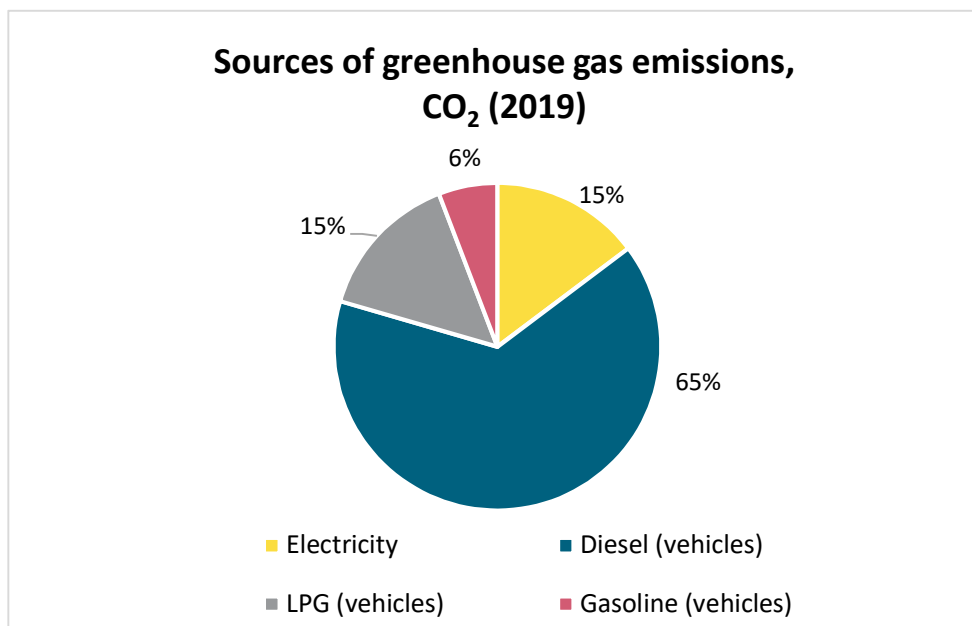
### 5.2. Initiatives and results

#### 5.2.1. Car park

Speedy AD's motor cars and freight vehicles at the end of 2019 are a total of 850. We continued our practice of increasing the proportion of LPG-fuelled vehicles again in 2019. Thus, LPG consumption reached 548,682 litres, diesel consumption – 1,711,243 litres, and petroleum consumption – 169 601 litres. An additional benefit to the environment from the increased use of LPG are the significantly lower fine dust and nitrogen oxide emissions from such cars. This is particularly good news in the bigger cities, where the pollution problem is particularly severe.

In 2019 we renewed the heavy-duty trucks in our car park. The new vehicles are Euro 6 class, like the rest of our car park. They have an in-built telematic systems that provides real-time feedback about the driving. It assesses indicators such as fuel consumption, speed limit excess, how frequently and how abruptly the driver stops, etc. Thus we develop a complex assessment which we analyse on a weekly basis. We have identified specific measures in case of deviation for the driving criteria set by the producer. Presently, 100% of the drivers cover these criteria. This new software allows us to both increase transport effectiveness and better manage the

health and safety of drivers and other participants in traffic. Our aim for 2020 is to renew the car park with at least 70 new cars.



## 5.2.2. Green deliveries in urban environments

### Electric cars

Door-to-door deliveries account for the biggest mileage per shipment and generate significant emissions as a result of the fuels used. It is important to focus our efforts to manage impact exactly at this final stage. We believe that one of the good solutions to reduce CO<sub>2</sub>, fine dust and nitrogen oxide emissions are electric cars. That is why, as early as 2013, the Company invested in purchasing 20 electric vehicles Renault Kangoo Zero Emission. They form part of our courier network in the cities of Sofia, Plovdiv, Stara Zagora, Burgas, Varna and Russe.



Over the last years, we have encountered a number of challenges related to vehicle maintenance. Electric cars' batteries have not yet achieved the efficiency needed and do not allow high workload. In 2019, thanks to our electric vehicles, we have delivered a total of 517,352 shipments without causing air pollution in the cities. In 2019 we will continue to seek opportunities to introduce and improve electric cars and achieve more effective battery life.



### Electric three-wheeler

Speedy implements an innovative and environmentally-friendly delivery approach – the first electric three-wheeler in Bulgaria. The innovation is the best solution for environmental protection in urban conditions for delivery of shipments.

Specifically design to facilitate the courier company's needs, the three-wheeler may get useful load of 1,5 m<sup>3</sup> (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.

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.

Over the last reporting year, as a participant in the collective system represented by Ecopack Bulgaria, Speedy saved 586,759 km calculated in car mileage equivalent.



### 5.2.3. Automatic postal stations

Another very important project for Speedy AD 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. They are currently distributed in key locations such as supermarkets that are regularly visited by customers and provide the opportunity to combine shipping with other tasks, such as shopping. In 2019, the number of automatic stations increased to 64, and use thereof increased three times. Our aim in 2020 is to place automatic stations in big business parks and business buildings, such as Capital Fort, and to reach 100 automatic stations. In already have 3 automatic stations in Kaufland, and have set another 10 locations for 2020.



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.

Another aspect of automat stations is their environmental efficiency. The stations themselves are energy efficient and have monthly consumption between 20 and 30 kW. Their use reduces the number of courier trips to home addresses or Speedy offices, which saves fuel and hazardous air emissions at the final stage of delivery, which is of key importance.

### 5.2.4. Our offices

Our office network continues to grow. In 2019 the number of our offices reached 285, and if we add the number of partner offices of the Speedy Parcel Shop (SPS) type, the total number of offices in our network reaches 409. We continue to re-equip offices in accordance with the new corporate standard. At the end of 2019, a total of 281 offices (own and SPS) have been renovated according to this new standard, and 100 of them have terminals for customer satisfaction feedback.

The standard determines the way our offices look and the experience they provide to customers. Our offices now stand out with business appearance, communication monitors and quick service feedback terminals. They are all POS terminals equipped enabling customers for card payment possibility. Our storage areas within the offices have been renovated, following the warehouse standards and have been organized according to package sizes for greater comfort and safety of our employees.

### 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 2019 we expanded our network with another hub in Bozhurishte. We plan to continue to expand our network of distribution centres in the future, too.

Thanks to the conveyor belts in our warehouses in Varna, Burgas, Veliko Tarnovo, Russe and Stara Zagora, which are new and with higher energy efficiency, we have managed to increase even more the efficiency per shipment processed, which reached 0.918 KWh in 2019, against 1.021 KWh in 2018.

### 5.2.6. Energy consumption and emissions

#### Energy consumption and emissions of Speedy



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 Company and the carbon dioxide emissions

related thereto. Our energy consumption in 2019, comprising warehouses, offices and vehicle fuel totals 26,516,350 KWh, which is 16% more compared to 2018.

Electricity consumption is mainly for heating and lighting, which we aim to use as efficiently as possible. Most depots and sorting 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.

### CO2 emissions per kilogram delivery

**0,399**   
2018

**0,387**   
2019

CO<sub>2</sub> emissions amount to 7,849 tons or 0.387 kg per delivery.

As a participant in the collective system of Ecopack Bulgaria, Speedy has saved 158,3 tons of greenhouse gas emissions, calculated in CO<sub>2</sub> equivalent tons, or emissions equal to 586,759 calculated in car mileage equivalent.



### 5.2.7. Disposal and packaging

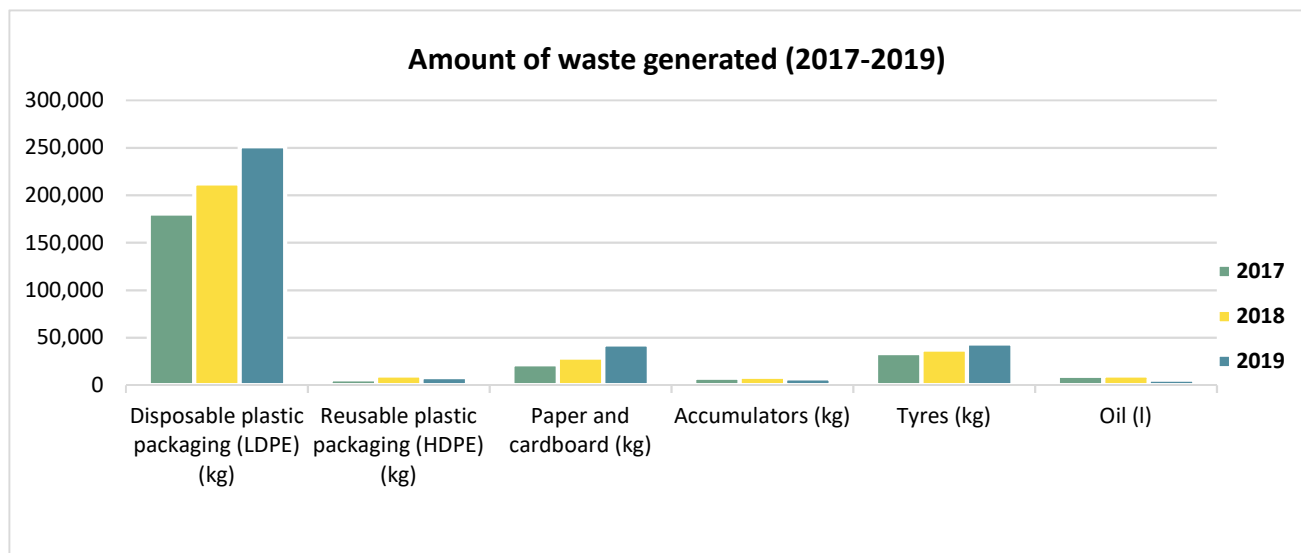
The shipping package envelopes are made of polyethylene with an addition of a fast-degradable component under Epi Global's technology polydergalax. During the manufacturing process, no components and colouring agents containing heavy metals such as lead, cadmium or mercury are used. The envelopes are 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. In shipment transportation, sometimes it is necessary to use additional boxes of high density polyethylene HDPE and are also reusable.

Another big source of disposal packaging is the automobiles and the resources related thereto, as batteries, tires or motor oils. With the increase of number of automobiles, we are respectively facing an increase of the disposal materials volume generated. In 2019, tire waste increased by 18%, while waste from car batteries decreased by 19%. We benefit from the support of the authorized service companies that maintain our automobiles and take care of the safe disposal of materials generated.

It can be seen from the table below that our efforts related to decreasing the use of packaging have led to good results. Over 5 years, materials for deliveries have increased 3 times more slowly than the number of deliveries and 2 times more slowly than revenue from courier services.

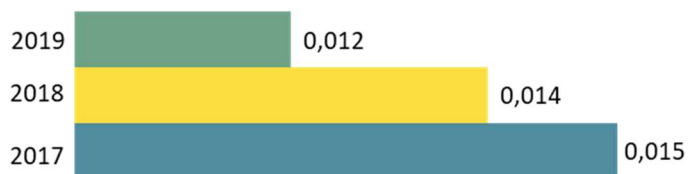
	2014	2019	Change
Cost of basic materials, BGN '000	1 275	1 973	55%
Number of shipments	11 878	28 880	143%
Revenue from contracts with customers, BGN '000	72 320	142 435	97%

Speedy AD is part of the collective scheme of Ecopack Bulgaria AD, which guarantees the recycling of materials equal to minimum 60% of the packaging imported by us on the market. Over the last reporting year, 153 tons of packaging waste were collected and recycled. Speedy and Ecopack contributed together for environmental protection by saving 789 trees from cutting, saving 911,598 KWh of electricity, 1,929 m<sup>3</sup> of water and 336 barrels of oil and reducing the volume of waste deposited at urban depots by 243 m<sup>3</sup>.



On the one hand, in 2019 the volume of waste increased by 39% compared to 2017, but on the other hand there is an increasing number of shipments delivered in the period – 63%. When we compare the volume of waste generated and the significant increase in deliveries, we can see that in fact the weight of waste generated by 1 shipment has decreased by 15% over 2017-2019.

**Kilogram of waste generated for one delivery**



### 5.2.8. Recycled paper and paperless solutions

Speedy Press is the company bulletin which for over 10 years has been informing the Company's customers and employees about news, events, services and projects. The monthly periodical is printed on 100% recycled Cyclus print paper. We at Speedy know that small steps lead to big changes. That is why we are consistent in our environmental protection policy and will continue to work in this direction.

Some departments where work is related to lots of paper documentation are already developing and successfully introducing Paperless solutions for electronic management of the work process, thus dramatically reducing the use of paper materials. One of our innovations is a professional signature pad. It dramatically reduces the use of paper in deliveries. Moreover, unlike tablets, it only serves the function of signature, which ensures greater security of our customers and reduces the risk of errors.

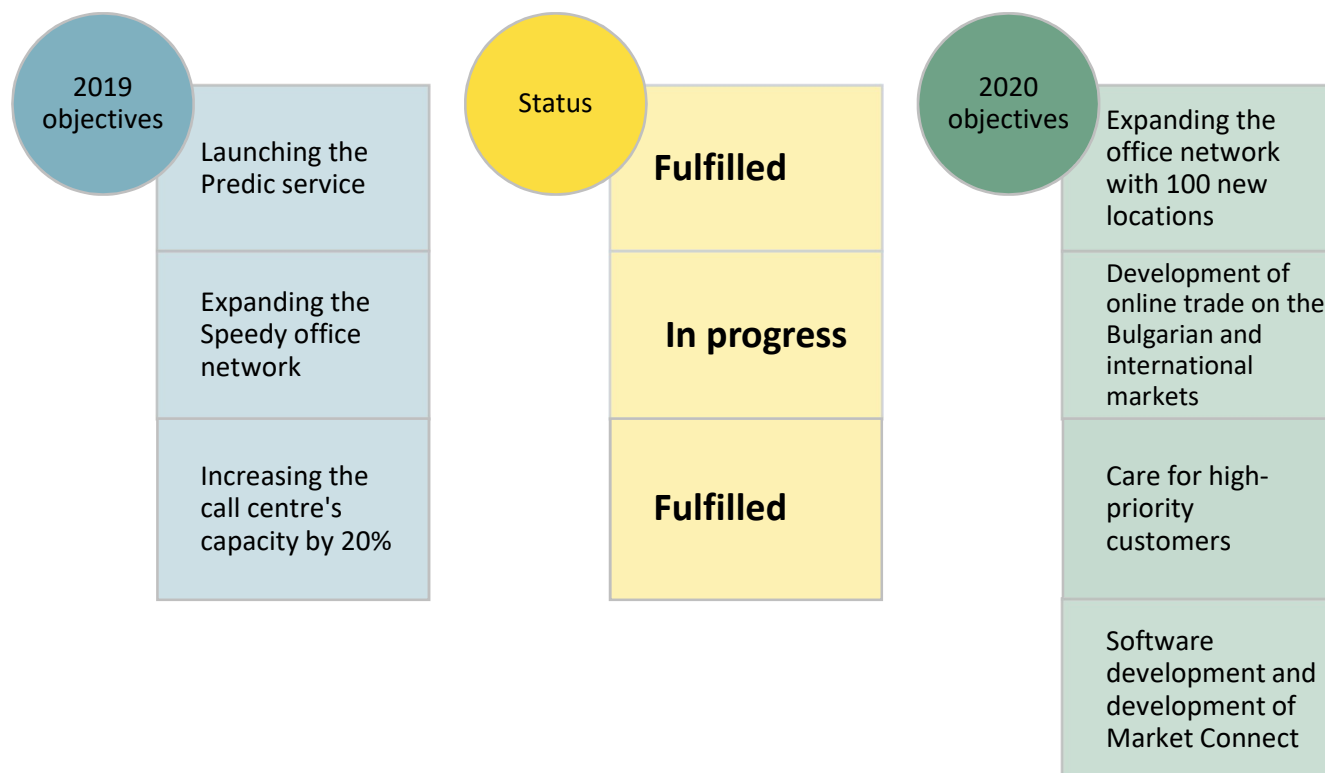




## 6. Society

### 6.1. Policies, objectives and risks

Through the years Speedy Group 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.



Speedy's priority tasks in 2020 will again include the office network development. The Operations and Marketing Departments will work jointly to increase even more the scope of our courier services, especially in the bigger cities, by opening 100 new locations. In addition, we will aim to improve the structure of distribution processes to ensure even greater quality and timely processing of shipments.

Our market-related 2020 objectives are development of transborder trade from abroad to Bulgaria and from Bulgaria to the European countries, 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.

In the beginning of 2020, we introduced a system for special customer care. Through it, we aim to improve service to our customers. We will focus on priority customers, ensuring receiving orders in real time and

immediate escalation in case of problems, considering return claims within 4 hours and damages within a day, and proactive presentation of the employees responsible for daily servicing.

## 6.2. Initiatives and results

### 6.2.1. Direct economic effects

The effects of our activities are not only limited to the successful and satisfactory package delivery to our customers. In 2019 we have successfully delivered nearly 29 million shipments to their recipients. A large part of these shipments was dedicated to online dealers that manage and operate their businesses with our delivery services.

Thanks to our activities we have provided employment and compensation to 1,368 employees and even more subcontractors in Bulgaria. In 2019 in Bulgaria we had payroll expenses amounting to over BGN 26.8 million. As a responsible and transparently governed company, we are correctly paying off our state and authorities taxes and the paid taxes and social securities have increased to over BGN 22.8 million in the past year. This year the amount we donated to social projects was BGN 18 thousand.

### 6.2.2. New services and more comfort for our customers

One of the main innovations in 2019 was the fact that we unified the manner of service to our private and corporate customers. When a private customer needs to contact an operator, the exchange no longer forwards them to a random employee. Each employee services certain customers and when someone seeks support, they are directly forwarded 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 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.

Another priority in 2019 was development of our work on the international market. By applying the specific experience of Rapido related to trans-border deliveries, we 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. For this purpose, we have two shuttles which travel on a daily basis and within 24 hours Rapido subcontractors deliver cash-on-delivery shipments to Romania, Greece, Hungary, Slovakia, the Czech Republic, Poland, Slovenia and Croatia. These new markets do not currently contribute to a large extent to the Company's overall revenue, but we forecast great growth in our business exactly from transborder trade and it will continue to be one of our focuses.



#### Market Connect

Speedy and Rapido developed together the Market Connect product. The platform aims to connect a trader with each marketplace in Europe – automatically and free of charge. The platform was developed in 6 months and uploaded on the sellin.eu domain.

Currently the Company is the only one of its kind having a daily shuttle, i.e. every day a vehicle travels to and delivers shipments through Romania, Hungary, Slovakia, the Czech Republic, Poland and back, creating a link with Croatia and Slovenia from Bratislava. The project has the potential to accelerate the sales of Bulgarian traders abroad, and the business of the two courier firms, and to vary the offering of marketplaces. Moreover, it often resolves buyers' most frequent complaints – long delivery times, high price and difficulties in tracking a shipment, since the companies can now track shipments in real time.

We have been developing the cash-on-delivery market in Central and Eastern Europe since 2012. We have several thousand shipments per day in these parts of the continent, but these include large users which are strong enough to sell abroad. Through Market Connect we support smaller companies willing to sell abroad. Thus we will expand our market and we believe that for a long time we will remain leaders in Bulgaria's trans-border deliveries.



**194**  
**Registered merchants**



**325 619**  
**Added products**



**5**  
**Markets**



**33 910**  
**Total sales**

#### 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 a Speedy office, which saves the last delivery mileage and helps us reduce our negative impact.

#### Predict

In 2019 we 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

Smart Control was created to satisfy the increasing needs of customers from complete and exhaustive information about shipments in real time. Each recipient, when a shipment is sent thereto, receives an SMS< Viber or email notification about the delivery expected on the next day which a short link to a personalized Smart Control page. By tapping on the link or opening it in a browser, the shipment recipient will find all the necessary information about: the sender, the content of the shipment, the cash on delivery due and others, such as control over the delivery. What is more, they have the unique possibility to forward the shipment to one

of the five closest offices or automatic station for free within the same settlement. Depending on the time of forwarding, the shipment may be delivered on the same workday or on the next one. Other free options are “Courier return for a subsequent visit” when the courier failed to contact the customer, “Postponement for another day” and “Refusal to receive a shipment”. For some groups of customers, a “Feedback” option is also available. Through it we collected a lot of valuable information about the benefits of the services we offer. Our customers shared what they needed, which showed us what to focus on and improve.

### Customer satisfaction

In June 2019, a feedback system unique to Bulgaria was created. Customers can now provide their feedback not only at the offices through the feedback terminals, but also through SMS to each delivery protocol. Within six months, we sent 1,300,000 messages to our private and corporate customers. Overall feedback through the feedback terminals and SMS shows 94% customer satisfaction, which is an improvement compared to 2018, when the result was 92%.

Our main task in 2019 was to improve the return claims system. The maximum period for closing return claims was 30 days, but there was no feedback to customers during this period. In 2019 we changed this approach to return claims management and now within 2 hours from submitting a signal the customer receives a call. We inform them we have commenced work on their signal and ask for details on the case. After that, within the working day, actions are taken to commence collection of information to prepare an opinion. The period within which we manage to close a return claim is now less than 2 weeks, and on the day when an opinion is issued on justified return claim, a compensation payment procedure commences. It is a curious fact that 90% of all cases of negative feedback are related to the content of the shipment, i.e. to the sender. Thanks to the measures taken to reduce return claims, in 2019 they account for only 0.001% of all deliveries (or only 1 of each 100,000 shipments delivered), which is a decreased by 8 times compared to 2018, when they were 0.008%. Feedback and return claims are analysed on a quarterly basis, and actions are determined for improvement and decrease in return claims. Objectives related to a decrease in return claims are shares by all employees whose responsibilities and obligations may result in return claims.

### 6.2.3. Marketing initiatives

In 2019, the Company’s rebranding was completed. Moreover, this year we conducted TV campaigns for the first time. The campaigns were two and constituted short information clips. The aim thereof was to provide information about our new services and the benefits for our customers.

Last year, we placed a bigger focus on Speedy’s Internet presence. We developed our social media profiles and enjoyed significant rise in interest in all channels where we are present.

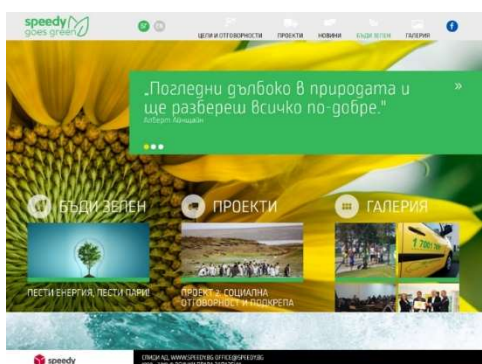


## 6.2.4. Speedy Parcel Shop and support to the local communities

Our Speedy Parcel Shop programme is one of the most important instruments through which we reach 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.

## 6.2.5. Speedy in support of sports and health

As a Company with dynamics and flexibility as a daily routine, sports and good health are extremely important. We mostly aim to support our employees in their health care by providing more sports opportunities. It is a highly important topic for society, especially concerning children and youths, who are in the process of building their activity habits. Therefore, for years Speedy has been traditionally supporting children's sports initiatives. We included the topic in our Speedy Goes Green campaign and the amount of donations for tennis and athletics is over BGN 18,000.



### Speedy's green site with a new outlook

Speedy's website ([www.speedygoesgreen.bg](http://www.speedygoesgreen.bg)) presenting and popularizing corporate sustainability and social responsibility has a new appearance.

The website presents the latest news about Speedy's "green" mission in social, environmental and economic perspective and "green" advice for a more responsible daily life. We at Speedy believe that the

business should commit not only to financial development and labour conditions, but by also taking care to improve community living conditions, support young people's development and protect the environment.



### Care to children's vision

For the fourth consecutive year Speedy supported the Campaign for Prevention of Children's Eyesight, organized by our customers and partners, KWIAT. Between 01.09.2019 and 31.10.2019 KWIAT offered free eyesight screening for children and young people aged between 6 and 18 at optics and medical centres throughout the country. The campaign's main aim is to make popular the need of regular screening and detailed information to a large proportion of the population

about eyesight prevention screening. Speedy supported the initiative by delivering free of charge the advertising materials all over the country and increased awareness through its digital and print channels.





### Sponsorship of the tenth jubilee edition of the “Tereza Marinova and Friends”

For the fourth consecutive year Speedy AD supported the athletics competition “Tereza Marinova and friends” as one of the two main sponsors. Over 700 children aged between 5 and 12 took part in the sports event at the stadium of the National Sports Academy in Sofia. Among the official event guests were the Minister of Youth and Sports Krasen Krlev and NSA’s rector, Prof. Pencho Geshev.

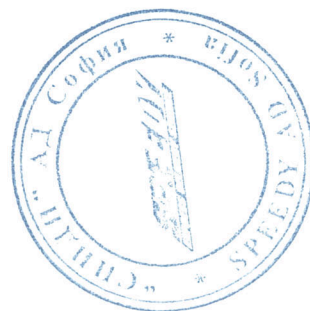


### Sponsorship of the National Tennis League

Speedy AD continued its sponsorship of the National Tennis League, which held its traditional amateur and veteran national tournaments between April and September 2019.

### Speedy supported the Together in Class foundation

Speedy made a donation to Together in Class foundation for its activity to attract and train teachers at schools mainly attended by students of low social status.



## 7. Appendix

### Summarised data of Speedy AD for years 2018 and 2019

Indicators by significant areas	unit of measure	2018	2019
<b>Economic</b>			
Employee benefit expenses, incl. social benefits	BGN'000	23 483	26 884
Fees, charges, insurance contributions paid to the state and to municipalities	BGN'000	19 822	22 844
Investments in the community, donations and sponsorships	BGN'000	39	18
<b>Market</b>			
Number of shipments delivered, total	number	22 293 478	28 879 998
Number of deliveries (domestic)	number	21 418 969	26 914 143
Number of deliveries (abroad)	number	874 509	1 965 855
Number of deliveries (city courier)	number	2 381 573	2 281 580
Number of deliveries (inter-city)	number	19 037 396	24 632 563
Number of deliveries without hazardous emissions (with electric cars)	number	429 859	517 352
% return claims of all deliveries	%	0,009	0,001
<b>Energy consumption</b>			
Electricity consumption	KWh	3 596 523	3 909 574
Total energy consumption	KWh	22 763 430	26 516 350
Energy intensity (per shipment)	KWh/shipment	1,021	0,918
<b>Car park</b>			
Diesel vehicles	litres	1 606 939	1 711 243
Petroleum vehicles	litres	127 766	169 601
LPG vehicles	litres	265 046	548 682
<b>Greenhouse gas emissions</b>			
Total emissions	ton CO2	6 715	7 849
Emission intensity (per shipment)	kg CO2/shipment	0,399	0,387
<b>Waste</b>			
Single-use plastic packaging (LDPE) (kg)	kg	212 369	251 624
Multiple-use plastic packaging (HDPE) (kg)	kg	10 078	8 527
Paper and cardboard (kg)	kg	29 254	42 957
Car batteries (kg)	kg	8 820	7 134
Tires (kg)	kg	37 403	43 985
Oil (l)	litres	10 124	5 895
<b>Labour practices</b>			
Number of employees (total)	number	1 145	1 368
Number of employees (women)	number	359	438
Number of employees (men)	number	786	930
Number of employees with termless or permanent employment contract	%	99	99
Number of employees with fixed-term or temporary employment contract	%	1	1
Number of fatal accidents	number	0	0

Indicators by significant areas	unit of measure	2018	2019
Number of incidents resulting in more than 3 days' leave	number	6	8
Calendar days lost due to accidents	number	196	256
Incidents of discrimination	number	0	0
Corruption signals	number	0	0
Trainings related to ethics, human rights or anti-corruption	hours	990	1 010
Percentage of employees who receive regular performance and development appraisal	%	100	100
Total training hours	number	48 288	56 080
Training hours – management	number	2 400	1 040
Total training hours (subcontracts)	number	34 240	36 000

