



LOGISTICS WITH PASSION

ESG REPORT

Translog Ltd.

Skopje, Republic of North Macedonia

ESG Report for 2024



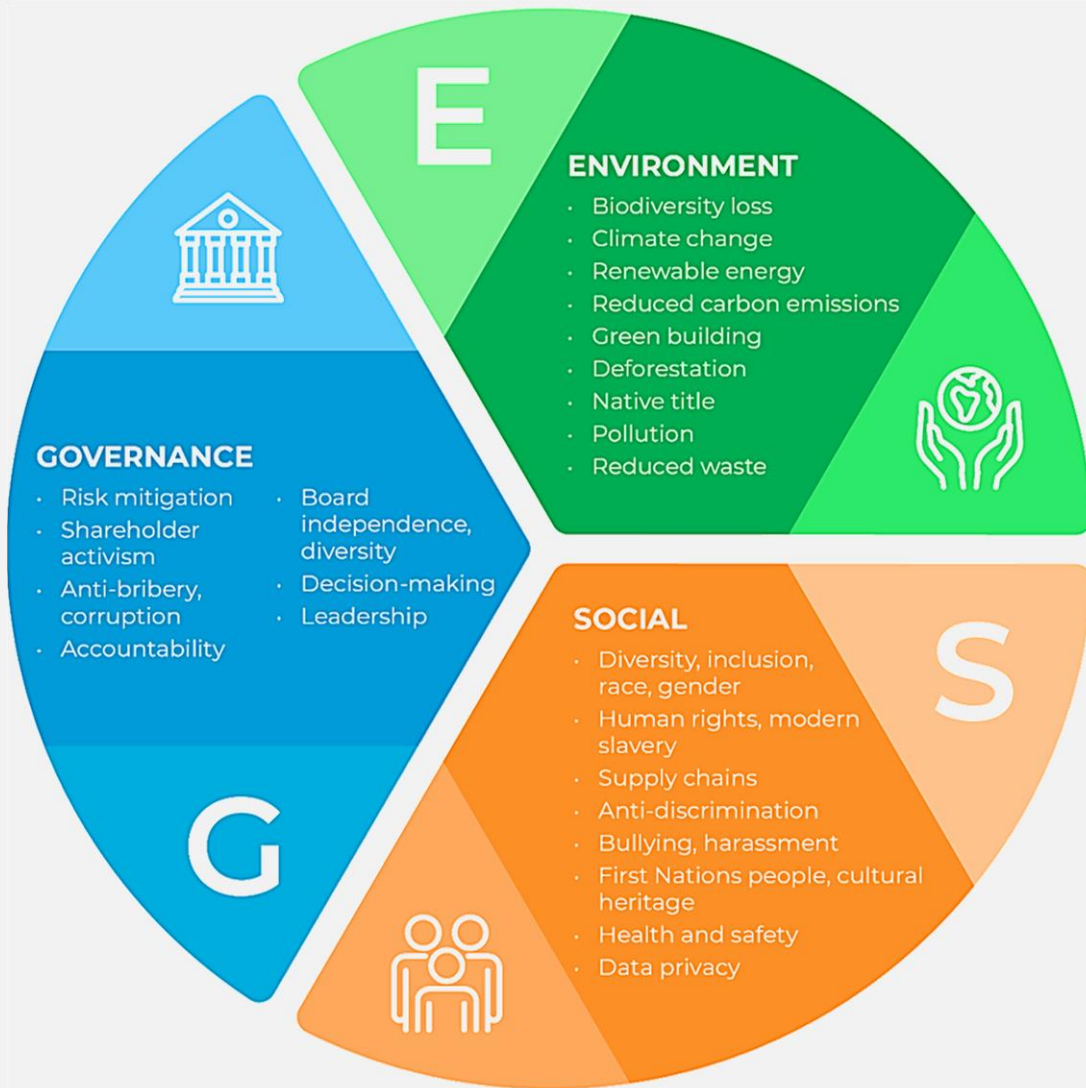


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A WORD FROM OUR EXECUTIVE DIRECTOR

Logistics is not just our job—it's our passion and our way of life. At Translog Ltd., we are committed to helping others, growing our company, and enhancing our team's skills. We are recognized in the business world as a professional, flexible company led by a dynamic team of young yet experienced professionals.

Our youth brings clarity of vision, adaptability, and the energy to embrace modern trends and drive positive change. Through our work, we grow while empowering others to succeed.

“Our operations align with European standards and the United Nations’ principles of sustainable development. We are actively working to reduce carbon emissions and achieve carbon neutrality in the near future.”

Our journey began in 2008 with the founding of Translog. Over the past 15+ years, we have charted a course for stable growth across road, rail, sea and air logistics, establishing our brand as a trusted name in the region. Translog has become synonymous with stability, organization, and reliability. Today, we are proud of our commitment to sustainable development—caring for people, society, and the environment. As we continue to grow, we ensure our employees thrive, our communities’ benefit, and our planet is respected.

This approach has positioned us as a reliable business partner, a valued collaborator, and a dependable support system. When we first introduced our innovative approach to logistics, it was met with skepticism. However, once clients experienced the quality of our services and our dedication to solving their challenges, they quickly recognized the strength of our methods. Our team is skilled, educated and committed to delivering personalized services, optimizing costs, and reducing transport times without compromising quality.

“We strive to create opportunities, embrace challenges, and foster growth—both for our clients and within our company.”

For years, we have met and exceeded the needs of our clients, earning their trust through consistent results. The satisfaction of a happy client or the return of a loyal customer reminds us why we do what we do. In a world of constant change, we stand out by providing timely, accurate information on every aspect of our clients’ shipments. This level of care makes our service truly unique.

Translog is the perfect partner for businesses seeking skilled and dedicated logistics support. Our ambition is to not only be a great choice but the best choice for transport and logistics services. We are large enough to deliver professional, high-quality solutions yet small enough to maintain a personal touch, offering direct communication, flexibility, and a deep understanding of each client’s needs.

Our vision is clear: to remain a reliable, trusted partner and become the leading logistics provider in regional markets. By applying innovative methods and delivering top-tier services, we aim to set new standards for quality and efficiency.

We strive to create opportunities, embrace challenges, and foster growth—both for our clients and within our company.

We also recognize our responsibility to the environment and society. Our operations align with European standards and the United Nations' principles of sustainable development. We are actively working to reduce carbon emissions and achieve carbon neutrality in the near future.

As part of this commitment, we are proud to present our 2024 ESG report, which outlines our initiatives and progress toward a more sustainable future. This is our first report dedicated to sustainable development, and it marks an important milestone in our journey.

At Translog, we are not just focused on business success—we are dedicated to building a better future. We invest in our employees, support our communities, and care for the environment while striving for excellence in everything we do.

Viktorija Aleksievski-Smickovska
Executive Director

ABOUT US

ALWAYS THERE, ALWAYS FIRST – DEDICATED TO YOU, OUR VALUED CLIENTS

No matter the weather or challenges, we're here to serve you. For us, client demands and tough times are opportunities to innovate and excel. In adversity, we discover new paths, build connections, and create possibilities.

Challenging times separate the bold and capable from the rest. While ordinary times follow predictable patterns, we thrive in all conditions—on roads, in the air, at sea, or on railways. Obstacles are simply challenges to overcome as we deliver your shipments and transport goods reliably and efficiently.

We adapt and succeed in any environment because our vision is clear: **sustainable growth**. By meeting your needs and staying committed to our goals, we ensure a future that benefits everyone—our clients, employees, and society.

LOGISTICS IS OUR BUSINESS AND PASSION

Since 2008, we have been tirelessly navigating the roads of North Macedonia and Europe. Over time, we have expanded our portfolio of services, enabling us to successfully provide road, maritime, river, and rail transport services. With nearly two decades of successful business under our belt, we have built a system that we continuously develop and improve, expanding our activities and the geographic areas in which we operate.

This growth is accompanied by sustainable development that ensures stability and a clear vision for future activities aligned with environmental harmony. This approach creates added value for our companies and

visible benefits for our employees, their families, and the community.

We can offer all clients professional services that meet the highest global standards in this field. Our employees possess expert knowledge and professionalism, addressing specific client needs and desires. This approach raises the quality of logistical services to a higher level, enabling our staff to provide personalized services by assessing the individual needs and possibilities of each client.

OPTIMIZED SOLUTIONS AND CLIENT SATISFACTION

Our personalized services strike the perfect balance between costs, transit time, and client preferences. We emphasize cost optimization while maintaining high service quality. Speed, volume, and courtesy always serve the quality of services delivered.

Client satisfaction is our guiding principle in all our work. It is essential for the client to be pleased with the quality of services received and feel they have obtained value for their investment. We achieve this through focus, dedication, and the use of innovative methodologies and procedures.

COMMITMENT TO GROWTH AND SUSTAINABILITY

From the very first day of our operations, we have maintained a vision of continuous growth and quality improvement. This ethos is ingrained in every employee within our companies, reflecting the founding vision of our organization. Over time, this vision has taken clearer form, directed towards

sustainable business practices.

Today, sustainability is a priority in our daily work. Our goal is to operate profitably while being socially responsible, protecting our employees, their families, society, and, above all, the environment. We actively participate in creating a sustainable future by taking specific actions and measures that enhance the quality of life for all employees and their families.

By aligning our operations with European standards and applying progressive procedures, we adhere to the principles of sustainable development proclaimed by the United Nations. In our regular activities, we strive to reduce carbon emissions and achieve carbon neutrality in the near future.

This commitment is further demonstrated through our ESG (Environmental, Social, and Governance) report for 2024, a testament to sustainable operations.

AREAS AND SYSTEMS OF OPERATION

Our business system includes two companies, founded by the same owners with a shared vision and business concept.

These companies complement, support, and collaborate on various tasks, delivering high-quality professional transport and logistics services:

Translog Ltd. Skopje: Established in 2008, this parent company provides continuous transport and logistics services across North Macedonia and Europe. It remains committed to meeting client needs with innovative solutions and unwavering service quality.



Translog Express Ltd. Skopje: Founded on September 1, 2015, to expand our portfolio and meet growing client demands, this company focuses on distribution and additional transport services.

FLEET FOR SUSTAINABLE DISTRIBUTION

We have acquired a fleet of eco-friendly vehicles that meet high environmental



standards, including low CO2 emissions. These vehicles are used for various distribution and delivery activities, emphasizing sustainable practices:

- **Volkswagen Crafter: 14 m³ cargo space / 1200 kg payload (5 vehicles)**
- **Citroën Berlingo: 4 m³ cargo space / 879 kg payload**
- **Mercedes Sprinter: L/XL, 14 m³ cargo space / 1000 kg payload (2 vehicles)**
- **Peugeot Boxer: 17 m³ cargo space / 1200 kg payload**

- **Iveco Eurocargo: Small truck-lift box, 42 m³ / 4500 kg payload**
- **Scania R450: 4 new Euro 6 vehicles**

Our commitment to sustainability ensures our logistics services are future-focused, meeting the highest standards for quality, efficiency, and environmental responsibility.



COMPREHENSIVE SERVICES

Our services include:

CONTAINER TRANSPORT

We provide first-class FCL (Full Container Load) services in cooperation with leading shipping companies worldwide, covering all major routes. Our services utilize regional ports such as Koper, Rijeka, Ploče, Bar, Durrës, Thessaloniki, Varna, and Burgas. Additionally, we work with leading global carriers like MSC, CMA, COSCO, MAERSK, ARKAS, and others.

Our container transport services are not limited to maritime and ocean freight; they include a comprehensive range of other services, including door-to-door delivery. We handle efficient inland transportation of each individual container by truck or rail to its final destination.



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AIR TRANSPORT

Since 2016, we have been offering our clients air freight services worldwide. These services are provided by highly skilled professionals with years of experience. We have established partnerships with renowned airlines globally and with all companies operating from Skopje and regional airports. For interested clients, we arrange charter cargo flights.

TRUCK TRANSPORT

For all clients requiring truck transport, whether it is groupage or full truckload transport, we provide these services at the highest level. These services are offered in collaboration with local and regional trucking companies. By maintaining constant communication with these companies, we stay updated with current data, such as available truck capacity and the locations of empty or loaded trucks.

Through these services, we strive to meet each client's needs and fulfill all their requirements and wishes. Truck transport services also include container transport from or to all regional ports, in addition to transportation using standard trucks and refrigerated trucks.

LOGISTICS

Logistics services, alongside the previously mentioned offerings, form a significant segment of our business operations. As client needs grow, so does our service offering in this area. We design and deliver functional services to meet clients' logistical demands.

With the same dedication and professionalism, we provide project and exhibition logistics, packing, warehousing, order management, insurance, customs clearance, and other related services.

FOCUSED ON CLIENT SATISFACTION

At the heart of everything we do is our commitment to **client satisfaction**. We provide personalized services, optimizing costs, transit times, and meeting unique client demands. Our innovative approach ensures top-tier service quality, supported by a dedicated team of experts.

From day one, our founder's vision of sustainable, responsible, and successful business practices has shaped our growth. Today, we lead with that same vision, ensuring that every decision positively impacts our employees, their families, the community, and the environment.

STAKEHOLDER RELATIONS AND EXTERNAL COMMUNICATION

At Translog Ltd., we place a high priority on fostering dialogue and collaboration with our stakeholders. We understand that our company's success isn't just about implementing internal strategies—it's also shaped by how we engage with external partners. This commitment is deeply

embedded in our organizational culture and business philosophy, as we view it as the foundation for achieving sustainable growth and community well-being.

Our approach to engaging with stakeholders emphasizes transparency, openness, integrity, and respect. We believe this is essential for building long-term, productive relationships. By maintaining systematic and ongoing communication with all stakeholders and assessing their perspectives on economic, social, environmental, ethical, and governance matters, we can better understand the needs and expectations of our employees, business partners, and the communities we serve.

We've identified the stakeholders who have the most significant impact on our business and those most affected by our operations.

This insight has enabled us to direct our efforts toward key groups: *To support sustainable development and transparent reporting, Translog employs a materiality assessment process to identify the key issues most critical to our business.*

This process determines the content of our ESG (Environmental, Social, and Governance) reports and the topics covered, in alignment with the guidelines of the GRI (Global Reporting Initiative) standards. We are dedicated to achieving carbon neutrality, demonstrated by our commitment to securing state-of-the-art equipment and the necessary certifications. Looking ahead, we will further enhance our efforts through strategic investments in carbon-neutral technologies. Our responsible approach to natural resource management, coupled with a focus on operational efficiency, remains a cornerstone of our business policy.



ENVIRONMENT

Translog Ltd. recognizes the challenges, threats, and risks posed by climate change and global warming, and we are committed to taking action in response. Aligned with the United Nations' 2030 Agenda, the European Green Deal, and the Green Agenda for the Western Balkans, our company is actively working to reduce greenhouse gas (GHG) emissions. We have pledged to cut carbon dioxide (CO₂) and other GHG emissions by 25% by 2027, with the ultimate goal of achieving carbon neutrality. To identify and address the negative impact of our operations in terms of emissions, we rely on the globally recognized classification of emissions into

three scopes:

Scope 1: Direct emissions from controlled sources, such as trucks and vehicles used in operations.

Scope 2: Indirect emissions from purchased energy, such as electricity, heating, or cooling.

Scope 3: Indirect emissions from waste generation and processing within the value chain.

OUR VISION FOR A GREENER FUTURE

ENVIRONMENTAL SUSTAINABILITY

We are committed to building a more sustainable future by prioritizing environmental responsibility in our transport and delivery operations. From reducing emissions through optimized logistics to investing in eco-friendly vehicles and carbon-neutral technologies, our plans reflect a dedication to minimizing our environmental footprint while maintaining reliable service.



Efficient resource management, sustainable fuel alternatives, and innovative delivery practices are at the core of our strategy, ensuring we contribute meaningfully to a transition towards a sustainable and environment-friendly business model. Our business activities are aligned with sustainable, environmentally responsible practices. We are committed to reducing CO2 emissions and gradually achieving carbon neutrality, demonstrated through concrete actions taken in 2024 and measurable progress achieved. Our strategy focuses on continuing this process in the coming years, further reducing CO2 emissions and moving closer to net-zero emissions. Planned investments—such as acquiring eco-friendly vehicles, utilizing renewable energy sources, and implementing modern waste treatment processes—will help us achieve this goal.

In our previous operations, we have always acted responsibly toward the environment and its resources. Moving forward, this commitment will be elevated to new levels to ensure sustainable operations and more efficient use of natural resources, all with the aim of improving environmental protection.

SHORT-TERM ENVIRONMENTAL PLANS AND GOALS (2024–2027):

- 1. CO2 Emission Reduction**
 - Reduce CO2 emissions by 25% over the next three years.
- 2. Waste Management**
 - Treat up to 75% of hazardous waste.
 - Ensure up to 95% of hazardous waste is managed by licensed operators.
 - Treat up to 98% of non-hazardous waste.
- 3. Energy Savings and Green Energy**
 - Achieve up to 20% energy savings through improved efficiency.
 - Utilize renewable energy sources for up to 25% of energy needs.

LONG-TERM ENVIRONMENTAL PLANS AND GOALS (2030 AND BEYOND):

- 1. CO2 Emission Reduction**
 - Reduce CO2 emissions by up to 90%.
- 2. Waste Management**
 - Treat up to 98% of hazardous waste.
 - Ensure 100% of hazardous waste is managed by licensed operators.

- Treat 100% of non-hazardous waste.

3. Energy Savings and Green Energy

- Achieve up to 70% energy savings through improved efficiency.
- Utilize renewable energy sources for up to 55% of energy needs.

OUR COMMITMENT TO ENVIRONMENTAL GOALS

Over the past five to six years, we have embraced a business strategy rooted in sustainable development principles. By aligning with European standards, United Nations' Agenda 2030, and best global practices, our actions have prioritized environmental protection. This has included improving energy efficiency, optimizing resource usage, reducing waste, and responsibly managing materials like waste motor oils. These initiatives create better living and working conditions for both current and future generations.

We actively contribute to achieving energy sustainability by creating plans, negotiating projects, and investing in renewable energy. Our ambition is to transition from fossil fuels to renewable energy sources such as solar power. By 2030, our goal is for 25%–30% of the electricity used in our operations to come from renewable energy sources, either through independent production or collaboration with partners.

REDUCING PLASTIC WASTE

Plastic pollution poses a significant environmental challenge. For years, our company has adopted policies to reduce plastic use, promote recycling, and replace plastic with alternative, natural materials. In

2024, we initiated measures to phase out plastic packaging, achieving visible results by eliminating single-use plastics for employees' food and beverages.



Plastic water bottles have been replaced with glass bottles where possible.

- Single-use plastic utensils have been replaced with durable ceramic dishes and metal utensils.

Our ongoing strategy aims to reduce all types of waste, including municipal waste, by approximately 20% over the next three years. Additionally, we are committed to minimizing the use of materials that have long-term negative effects on the environment, as well as unnecessary items that pose ecological risks.

GREENHOUSE GAS EMISSIONS

We monitor trends related to climate change and global warming, aligning our operations with the UN Agenda 2030, the European Green Deal, and the Western Balkans Green Agenda. Greenhouse gas emissions are classified under three scopes:

1. Scope 1: Direct emissions from controlled sources, such as trucks and vehicles used in operations.
2. Scope 2: Indirect emissions from purchased energy, such as electricity, heating, or cooling.
3. Scope 3: Indirect emissions from waste generation and processing within the value chain.



To reduce greenhouse gas emissions, our companies focus on implementing cleaner technologies, primarily newer trucks and other transport vehicles as the core assets of transport companies, which emit significantly lower levels of CO₂. Consequently, in 2024, a trend of reduced emissions across all three scopes is observed, particularly in Scope 1, which pertains to direct emissions. We plan to continue and accelerate this trend by further lowering CO₂ emissions, primarily through the procurement of new vehicles with reduced emissions. Additionally, we plan and expect to acquire vehicles in the near future that will use liquefied petroleum gas or electric vehicles as

more environmentally friendly solutions. Direct emissions have been reduced this year by 5 to 10%.

ENERGY EFFICIENCY

Improving energy efficiency in our facilities is a key focus to reduce energy waste and consumption. Measures include:

- Turning off lights in unoccupied rooms.
- Using energy-efficient light bulbs.
- Reducing unnecessary heating.
- Powering down computers and monitors when not in use.

Future plans include installing solar-powered outdoor lighting and solar energy systems as the primary power source. Recognizing the environmental impact of fossil fuels, we aim to transition toward renewable energy, particularly solar power, to increase energy efficiency and minimize CO₂ emissions.

Numerous indicators show that electricity production using coal or other fossil fuels is one of the largest environmental pollutants, as this process emits the highest amounts of CO₂. For this reason, we have undertaken the aforementioned activities to reduce electricity consumption and to generate electricity from renewable sources, primarily through the use of solar energy. We have already implemented measures to enhance energy efficiency and will soon begin developing plans and projects aimed at improving energy efficiency, conserving energy, and generating energy from renewable sources.

Our vision involves adopting eco-friendly fuels for trucks and vehicles and prioritizing renewable energy to ensure energy stability and environmental protection.

We support all activities aimed at environmental protection, including the fight against climate change and efforts to limit the rise in average temperatures. In line with this commitment, we plan to invest in and launch projects that will contribute to environmental protection efforts.

RATIONAL WATER CONSUMPTION

In our daily operations, we prioritize the rational use of water as the most important natural resource. We strive to use water sustainably while adhering to sanitary standards. Since implementing measures to focus on the efficient use of this resource, noticeable results have been achieved in reducing consumption and utilizing water more economically.



Water consumption remains consistent throughout the year, with efforts focused on ensuring it is used solely for rational purposes. Up to 90% of water usage is allocated to hygiene needs, including maintaining the cleanliness of trucks and other transport vehicles. To optimize water consumption, a strategy has been implemented to limit usage

strictly to essential needs that involve maintaining sanitary conditions.

Water is sourced from the municipal water supply, and it is notable that monthly consumption has remained steady at a reasonable, acceptable level for an extended period.

To preserve natural water resources, we support all ecological initiatives and actions undertaken to achieve this goal.

We emphasize the sustainable use of water, primarily for hygiene and vehicle maintenance, which accounts for approximately 90% of our water consumption. Initiatives include:

- **Limiting water use to essential purposes.**
- **Maintaining stable water consumption levels without increases.**

Future strategies include exploring the possibility of wastewater treatment solutions to preserve natural water resources and support broader ecological initiatives.

WASTEWATER MANAGEMENT

The business processes in our companies are organized to generate minimal amounts of wastewater. Any wastewater produced is treated in a way that protects the environment, ensuring it is not discharged directly into nature or polluting areas inhabited by humans, plants, and wildlife. Continuous efforts are undertaken to preserve water resources and reduce pollution of drinking water.

Periodic employee training sessions are held to promote the rational use of drinking water and the more efficient use of technical water. Wastewater is collected and transported to

treatment facilities, after which it is discharged into the public municipal sewage system.

SOLID WASTE MANAGEMENT

General procedures for waste management include waste identification, handling procedures, storage, treatment, and transfer to authorized organizations. A designated individual is responsible for waste management, with appropriate authority, duties, and responsibilities in this area. This ensures a responsible and systematic approach to waste and its management processes. A rule and procedures for separating hazardous from non-hazardous waste have been established, including specific protocols for managing hazardous waste, aligned with legal regulations in this field. Hazardous waste is generated, stored, and handed over to operators authorized to handle this type of waste.

ENVIRONMENTAL ACTIVITIES IMPLEMENTED IN 2024

From January to December 2024, numerous environmental activities of various types were undertaken, further strengthening the foundations of ecological business practices. This was achieved through the adoption of internal legal acts in the form of decisions made by the director or the company assembly, which are binding for all employees -in our companies.

The goal of these decisions is to further align our operations with European ecological standards. Even before these decisions were made, our companies were largely compliant with environmental regulations. Now, following their adoption, additional requirements have been met, bringing us

closer to achieving carbon neutrality by reducing CO2 emissions.

Previously adopted sustainable business plans remain in effect. They have been refined, and with these decisions, their implementation has become easier. Existing plans for reducing CO2 emissions, conserving energy, minimizing and recycling waste, and treating hazardous waste now have a legal basis and mechanisms for more efficient and faster realization. For example, we introduced e-archiving and digitization of documents, alongside upgrading the operational software to improve efficiency. This way printing has been minimized to only the most necessary instances.

Additionally, systemic environmental protection has been legally established by reducing paper packaging and promoting paper savings, achieved through the introduction of electronic invoices. Decisions have also been made to reduce plastic consumption and manage plastic waste.



Many specific activities have been undertaken to achieve environmental plans and goals, with the majority focused on reducing CO2 emissions. The greatest success in this area was achieved through the procurement and purchase of newer trucks and other transport vehicles with lower carbon dioxide emissions.

In 2024, better environmental conditions were created, and sustainable business operations

were facilitated compared to previous periods. This was achieved through the adoption of a greater number of environmentally focused decisions, which have streamlined and accelerated sustainable, eco-friendly business practices. All adopted decisions have either been immediately implemented or are being gradually applied, depending on their content and scope.

KEY ENVIRONMENTAL DECISIONS IN 2024

The most important decisions for ecological and sustainable business operations made by our companies in 2024 include:

DECISION ON ELECTRICITY SAVINGS

The **Decision on Electricity Savings** was adopted simultaneously with identical content for both our companies, Translog Ltd. and Translog Express Ltd. This decision, enacted on 1st of March, 2024, aims to achieve savings and promote more rational and economical electricity consumption.

The purpose of this decision is the continuous reduction of electricity usage by ensuring energy is consumed only for actual needs and by minimizing or completely eliminating unnecessary consumption.

The decision outlines measures to achieve the stated goals, including:

- **Optimization of lighting,**
- **Device management,**
- **Control of air conditioning systems,**
- **Periodic reporting and communication about consumption.**

DECISION ON REDUCING PLASTIC CONSUMPTION AND MANAGING PLASTIC WASTE

The **Decision on Reducing Plastic Consumption and Managing Plastic Waste** was adopted for both of our companies with identical scope, purpose, and effect. This decision, enacted in March 2024, aims to create conditions for more sustainable operations regarding the use of plastic and plastic packaging, which are known to have harmful environmental consequences.

In addition to reducing regular use of these materials, with the goal of gradually eliminating them entirely, the decision establishes conditions and methods for managing plastic waste, which can be classified as hazardous to human health and the environment. The decision facilitates the reduction of plastic use in offices as well as throughout business operations.



The objectives include creating conditions for sustainable plastic waste treatment, reducing plastic usage and waste generation, and promoting the use of other eco-friendly materials as alternatives to plastic. It also encourages the use of recycled materials instead of plastic.

Specific measures include:

- **Installing separate bins for different types of waste.**
- **Establishing partnerships with recycling companies.**

Beyond these concrete actions, the decision promotes broader goals, such as raising employee awareness on these issues, providing training and education on recycling procedures, and highlighting the negative impact of plastic on human health.

Additionally, the decision appoints a responsible person for implementing plastic reduction and waste management initiatives. **Goran Ciplakovski** has been designated as the responsible individual for these activities.

The importance of this decision lies in its advocacy for a long-term sustainability strategy, an ESG strategy, and the continuous improvement and refinement of these strategies by enhancing ESG performance.

DECISION ON THE USE OF ELECTRONIC INVOICES

The **Decision on the Use of Electronic Invoices**, including electronic signatures, was adopted on **1st of June, 2024**.



This decision is part of the environment-friendly package of measures, as its implementation leads to significant paper savings, thereby contributing to the

preservation of forests, a crucial natural resource.



This decision applies to both of our companies and facilitates not only savings in paper used for invoicing but also for other purposes. Under this decision, mailings are sent electronically whenever possible, replacing traditional postal delivery.

The primary purpose of this decision is to reduce paper consumption to protect the environment. Simultaneously, it optimizes invoice and document delivery processes, enables faster and more efficient document archiving, and streamlines operations.

DECISION ON REDUCING CO2 EMISSIONS

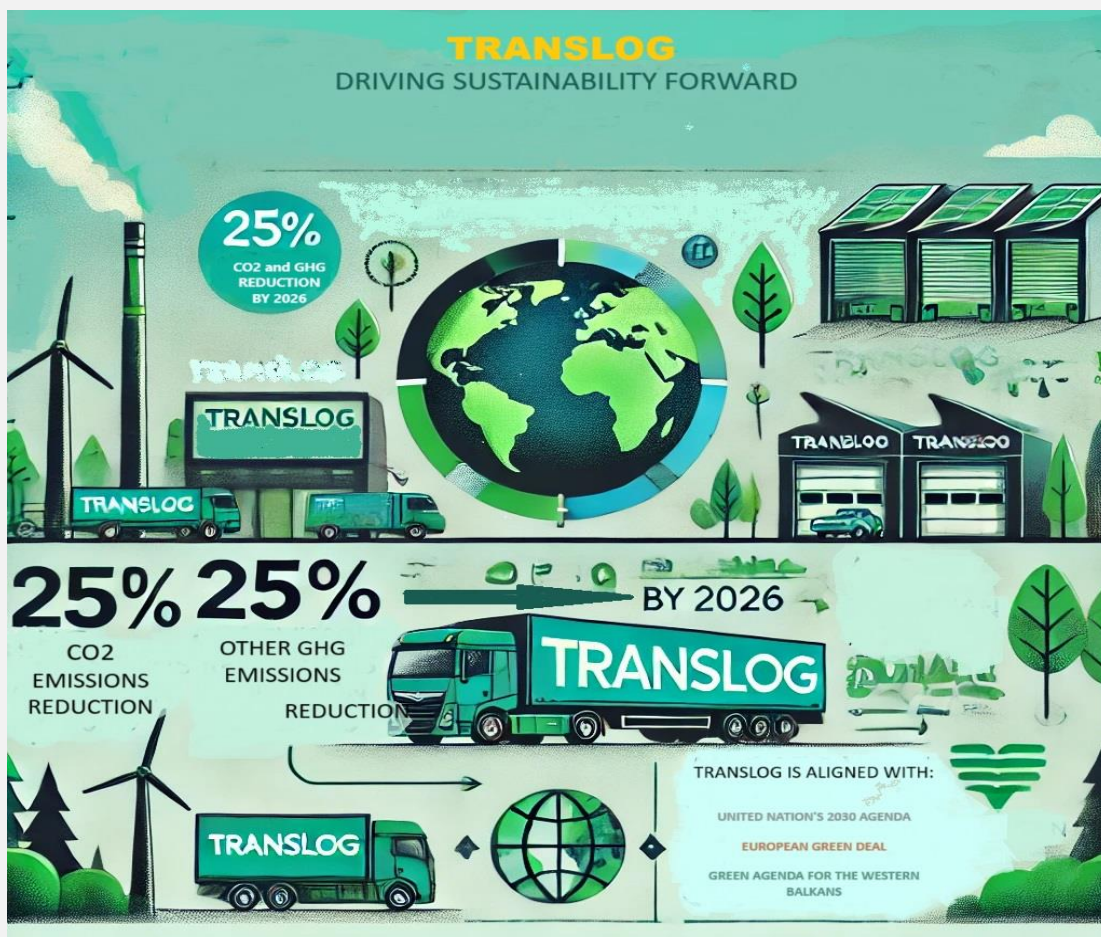
The **Decision on Reducing CO2 Emissions**, effective from **1st of November, 2024**, was adopted to implement measures aimed at reducing carbon dioxide emissions from the companies' vehicle fleets, which are core resources.

Under the provisions of this decision, existing vehicles are to be replaced with newer, more efficient models that emit significantly lower amounts of CO2. The decision encourages transitioning to vehicles powered by electricity or hybrid systems. Additionally, it mandates the optimization of routes and transport logistics to enhance transportation efficiency,

activities related to reducing carbon dioxide emissions. **Nikolče Nikolovski** has been designated for this role. His responsibilities also include ensuring company sustainability and enhancing ESG performance.

All these measures help raise employee awareness of the importance of saving

electricity, contributing not only to cost reduction but also to ecological goals that support sustainability and environmental protection.



Conclusion

thereby reducing overall CO2 emissions.

Key aspects of this decision include:

- Regular monitoring and reporting of current and total CO2 emissions.
- Public disclosure of emission data.
- The goal of achieving significant improvements in fuel efficiency and reducing total CO2 emissions by 2030.

A responsible person has been appointed to implement the decision and coordinate all

We remain dedicated to environmental protection, aligning with global efforts to combat climate change and reduce emissions. Our investments and initiatives support sustainability, energy efficiency, and waste reduction while prioritizing the health and well-being of future generations.



Corporate Social Responsibility

COMMITMENT TO SOCIAL RESPONSIBILITY

We have embraced the role of socially beneficial companies and are committed to activities aimed at creating better and fairer working conditions and overall societal improvements in our community.

We continuously invest in social resources, especially in our employees, who form the foundation of our organization and its successful operations.

Our employees are the most valuable resource of our companies. They are the cornerstone of a secure business future and the guarantors of our business success.



Translog Ltd. stands as a beacon of corporate social responsibility, actively contributing to the well-being of communities through meaningful humanitarian efforts. The company has spearheaded initiatives to support underprivileged groups, including organizing food and clothing drives for vulnerable families and individuals.

Translog's commitment extends to aiding disaster-stricken regions by providing logistics support for delivering essential goods.

Additionally, the company partners with local NGOs to implement programs that improve educational access and healthcare services in underserved areas.

Through these actions, Translog Ltd. demonstrates a steadfast dedication to creating a positive impact and fostering

Humanitarian Actions by Translog

2016 Triathlon, award presentation, sponsorship.

2016 Megashi, sponsorship for children for New Year.

2017 Campaign "I am DOWN right perfect," trip with children affected by Down syndrome.

2018 Children's Clinic, donation of 3 respirators.

2019 Home for Orphaned Children, donation of gift packages and tickets for a New Year's theater performance.

2021 Children's Hematology Clinic, donation of bed linens and gift packages for children for New Year.

2023 Appreciation for dedication and assistance to palliative patients.

2023 Aid to Slovenia for flood victims.

2023 Donation to a Fencing Sports Club

2023 Sponsorship of the Macedonian Ski Team

2023 Donation for 8 children, warm daily meals, "Happiness Project."

2024 Donation for earthquake victims in Turkey

resilience in the communities it serves.

EMPLOYEES AND THEIR POSITION

Training, seminars, education, the development of both human and business skills, and the improvement of the social and professional status of our employees, including the enhancement of their labor rights, are the focus of our companies' future plans.

We strive to provide appropriate working conditions for all employees equally. In these efforts, we have the support and active assistance of our employees, all of whom recognize and support our endeavors. Through their actions and engagement, they actively contribute to the work, development, and recognition of these companies.



We continue to provide concrete support to employees at their workplaces, within business processes.

We also help the broader community, with a focus on the local community. We help children and children's organizations whenever we are able. A specific example is our charitable donation to the First Children's Embassy in the World.

EMPLOYEES AS A HUMAN CAPITAL

Our companies do not have many employees—only about twenty—but each one is our wealth and the best investment. By opening new positions and hiring new workers, we increase the value of our companies, which we recognize as a significant business achievement. This makes us a reliable partner and a desirable employer. Our companies are a solid foundation for our employees and their families.

We respect, value, and uphold the principles of equality, inclusion, and diversity. Respect for these principles is for the benefit of employees, in their interest, to meet their needs and goals. This is, of course, also in the company's interest, as only satisfied workers can achieve good business results. Gender equality and equality in every other sense are represented. Given the nature of the jobs we perform, the number of highly educated professionals is not dominant but proportional to the number of employees with a high school education. When selecting employees, the main criteria are competence, business skills, and knowledge.

STRUCTURE AND WORK PROFILE OF EMPLOYEES

Employees in our companies are selected based on the job profiles needed for business activities. A certain number of employees have been with the company since its inception or were hired in the early years of the company's operation. This was the period when the structure and organization of the business were being established.

As the company grew, so did the employees' advancement within the organizational structure, while simultaneously improving their business skills, knowledge, and abilities.

Some have participated in additional training and specialization programs to enhance their skills and knowledge. All employees enjoy guaranteed labor rights, which are often higher than those prescribed by law. This makes us a desirable employer, which is why, in recent years, many young people apply for jobs in our companies. We always accommodate them when a new position opens or when the opportunity arises to increase the number of employees. We employ highly qualified workers, who make up about 1/3 of the total number of employees. Nearly 2/3 of the employees have a high school education. There are slightly more male workers than female workers, but primarily due to the nature of the jobs, as most workers are employed as truck drivers or in other transport-related roles, where men typically apply. However, more than a quarter of our employees are women. Of the total number of employees, only about 15% are employed in management and administration, while the rest are involved in direct business processes.

OCCUPATIONAL HEALTH AND SAFETY

All labor procedures and processes are conditioned by concern for employee health, safety, and workplace protection. Clear procedures, guidelines, and decisions have been established to protect these values. Additionally, periodic training, workshops, and safety training are organized. No professional illnesses have been recorded so far, and workplace injuries have been minimized.

The human resources sector plans, organizes,

and implements employee education programs and activities, proposing scholarships for further education and career development support. Special attention is given to drivers, with regular checks of their health and psychophysical condition. This contributes to greater safety for employees as well as other road users.



As much as we care about employees and their families, we care equally about all our clients and service users. We always ensure the safety and security of shipments, goods, and transportation. We always strive to meet the highest safety standards and provide top-quality service. This applies to all our operations, including management and company administration. Among other things, this is demonstrated by our possession of international ISO standards. We are proud of implementing ISO 9001-2015.

CORPORATE SOCIAL RESPONSIBILITY

In addition to successful, responsible, and quality business operations, our companies are focused and dedicated to corporate social responsibility. Our operations should drive progress and success for our clients, as well as for our employees and their families. We believe and hope that this approach promotes social responsibility and inspires others to act responsibly in order to improve the business climate and social relations. We believe that

the successes we achieve benefit not only us. A portion of the additional value we generate is selflessly redirected to those who need it the most. Although we do not regularly practice this, we take pride in examples such as donating to flood victims in Slovenia during 2023, or providing donations to Turkey to assist with the aftermath of the devastating earthquake.



In addition, we regularly provide financial support to the Association for Palliative Care Support in Skopje and hot meals for children during the school year. We are also involved in many similar activities and direct aid to those in greatest need, although we do not wish to boast too much about it at this moment. We do, however, have plans to make these activities more frequent and concrete in the coming years.

PLANS FOR CORPORATE SOCIAL RESPONSIBILITY

We are focused on achieving even better business results and expanding existing

markets. At the same time, equally important, our focus will be on creating better and fairer conditions for children and youth. Primarily, this concerns the children of our employees. But we do not limit ourselves to that. We will work to ensure that all children benefit. We plan to organize programs to support families and parenthood, including encouraging other businesses to get involved in these efforts. We plan to establish cooperation with high schools, particularly those training professional drivers, and with other educational institutions, including universities.

GENDER EQUALITY

The employment policy we have practiced since the beginning of our operations is focused on hiring younger, professionally trained personnel. The main criteria for employment are expertise, education, and good work habits. Our companies, in relation to the above, strive to ensure equal representation of all social groups, provided that it does not negatively impact expertise and professionalism. Our companies represent a safe, desirable, and inclusive environment for women. Women make up a significant proportion of the total number of employees. Their influence and representation at managerial positions is even more pronounced.



Our goal is to make this presence even more significant in the years to come, particularly by 2028, when it is expected that women will hold nearly 60% of managerial positions. More important than these statistical data and plans for the near future is the fact that there have been no incidents of gender discrimination within our companies. We proudly emphasize that there have been no gender-related incidents, nor have there been any incidents or discrimination of any kind. There have been no cases or incidents related to racial, national, religious, or any other type of discrimination. Equality of employees is a priority. This business philosophy is reflected in our daily work and operations.

TRANSPARENCY OF OPERATIONS

All business processes involving our clients or service users, as well as those that significantly impact the quality of services provided or the obligations undertaken, are conducted openly and transparently. Over time, our companies have become synonymous with safe, secure, and quality business operations. All business operations are conducted systematically, minimizing potential risks while maintaining the expected quality of services provided.



At every stage of service delivery, we proactively provide users with detailed information about services and business processes. In addition to information about the

services we provide, we offer notifications about procedures, practices, and methods. Transparency is maintained at the highest level in our daily operations. The only information treated as confidential is that which pertains to the safety and security of clients, shipments, and cargo. In this area of operations, we are fully aligned with accepted international standards.

DATA SECURITY AND PROTECTION

All business activities are subject to the highest security procedures. Safety and protection at work are priorities in all stages of work, during all processes and procedures.



The same treatment applies to business data, including client information. The protection and security of personal data are in compliance with the General Data Protection Regulation (GDPR) and national legislation.

All necessary measures are taken at all times to protect the personal data of both employees and business partners. Relevant regulations regarding data protection are in place. Personal data processing is carried out only with the prior consent of the user, in accordance with the law. As a result, service users, just like employees, can be assured that their personal data is safe and secure. As an additional measure of data security, employees have undergone GDPR training.

QUALITY POLICY AND STANDARDS

The Quality Policy at Translog is developed, implemented, and upheld by senior management in close collaboration with all relevant team members. It is fully embraced and binding for all employees. This policy adheres to the requirements of the ISO 9001:2015 standard, aligning with the organization's goals and context while supporting its strategic direction. It also underscores our commitment to delivering customer satisfaction through the ongoing improvement of our quality management system.

With this in mind, the following objectives have been established for our Quality Policy:

- Continuously fostering innovation.
- Enhancing operational quality.
- Increasing flexibility.
- Boosting efficiency in operations.
- Expanding the range of services offered.

Achieving these objectives is key to reaching our ultimate goal: Maximizing customer satisfaction.

ISO 9001:2015

Our vision is simple: to be the top choice in regional markets by excelling in:

- Innovation
- Quality
- Flexibility
- Efficiency
- Building strong partnerships





GOVERNANCE

MISSION

MANAGEMENT

ADMINISTRATION

BOARD

RESPONSIBILITIES

STAFF

COMMITTEES

POLICIES

BEST PRACTICES

NONPROFIT

VISION

VALUES

ETHICS

ROLES

METADATA

GOVERNANCE

MARKET MECHANISMS

RELATIONSHIPS

POLICIES

DISPOSITION

PERFORMANCE

POSITION

RIIOD TEAM

GOVERNANCE

GOVERNANCE

GOVERNANCE

GOVERNANCE

COMPANY MANAGEMENT

During the previous year, we decided that, in accordance with current trends in the European market and in line with applicable European legislation, it was necessary to establish a strategic approach to management, with an emphasis on the creation of ESG strategic management. Sustainable business goals were defined. A decision was made to establish sustainable business practices in the coming years by adopting an ESG strategy, with a commitment to regular ESG reporting. ESG reporting involves transparent operations, informing and notifying employees, partners, as well as the broader community about all business activities, plans, and current developments.



A decision was made to ensure future transparency in informing all stakeholders, to regularly monitor and analyze progress in achieving business goals aimed at sustainable operations. Profitability is undoubtedly the main goal of any company, including ours. However, for us, profitability, in addition to the economic parameter, also implies a functional business structure, clearly defined procedures,

and a vision for a better future within the framework of a preserved and healthy environment.

For nearly two decades, we have based our business on values we inherited from home, such as good manners, helpfulness, and kindness. Along with these values, we have added a crucial one, currently the most relevant and most important for future generations—sustainable development. Through strategic approach, sincere engagement, and responsible behavior, we have built a reputation as a reliable business partner, a desirable collaborator, and an employer of choice. At the same time, a stable financial system has been developed, characterized by an optimal model of corporate governance. We have established a corporate culture firmly based on values and a vision that ensures a strong link between management structures and employees. This culture is equally fostered by the company director, management personnel, and operational staff.

In parallel with these activities, we are working on the development of leadership skills among management employees. We develop and nurture an entrepreneurial spirit, alongside maintaining and promoting professionalism, expertise, ethics, and courtesy in dealings. All of the above is carried out while respecting applicable regulations in the areas of our operations, and ensuring regular payment of financial obligations to governmental bodies and creditors.

ESTABLISHING MODERN GOVERNANCE STRUCTURES

The governance structures that have long been established and successfully functioning are being further developed and aligned with

current regulations, primarily ESG standards and regulations. A more modern management model is being defined to ensure compliance with global trends and European standards. The plan is for our companies, through directors and other management bodies, to establish an ESG structure, ensuring regular reporting on topics relevant to business operations, to enable more reliable analysis, planning, and decision-making. All of this is aimed at ensuring that future reports will be more detailed, comprehensive, and precise, thus providing a better foundation for profitable, sustainable business practices.

GROWTH-ORIENTED CORPORATE GOVERNANCE STRUCTURE

Management skills, capabilities, and especially the management culture are at the core of every organization, particularly for companies operating in the market. The survival, growth, and development of companies depend on the effectiveness of their management structures. Management structures, through their skills and organizational knowledge, gather and direct employees toward achieving set business goals. We have established a business strategy that includes continuous growth and sustainable development. This is accompanied by the development of each employee individually, enabling them to realize their potential while achieving the organization's goals.

We have an ESG management strategy in place, through which we create and implement sustainable business practices. Our business is not highly diversified as it spans the transportation and freight forwarding sectors, but we are regionally positioned in these areas with tendencies for further expansion and market penetration. The management structure is shaped by and emerges from the

business processes. Since the business processes are structurally simple and not branched in many directions, the same applies to the management structure. It leads business processes, directs them in the desired direction, and brings them to the planned goal. This goal is established and realized through the creation of sustainable development, which is gradually achieved through profitable business practices while simultaneously protecting and maintaining the environment at a level that ensures healthy living for the population, including employees within our companies.



This type of business requires consistent supervision of business operations. It involves operations strictly based on local and international regulations, rules, and standards. Management structures, through their knowledge, business skills, and accumulated experience, guide business processes, encouraging employees to take specific actions.

Management structures create a business culture where each employee has specific duties and responsibilities for improving business processes and achieving set goals. They are expected to act and take steps within the framework of acquired knowledge and business skills. Such actions lead to the achievement of set goals, including improving the position of employees.

MANAGEMENT STRUCTURE OF OUR COMPANIES

Our companies are not large business systems, but operate as smaller companies that successfully carry out tasks related to their core business activities. Given this, there is a single-tier management system, where decisions are made and the business organization is led by the company's director. Such an organization does not require the existence of boards of directors, supervisory boards, or other management bodies. The functions of control and oversight over business operations and decision-making by the director, as the management body, are carried out by the company owners and employees to some extent.

The company owner has a direct interest in ensuring the business is profitable and successful, in line with defined policies, goals, and strategies. Therefore, the direct, immediate control over decision-making and management processes is exercised. This control is transparent and constant. If situations arise where the owner cannot, for any reason, or is not qualified to oversee the director's work as the management body, external collaborators are engaged who are qualified for such tasks. Auditors are hired to perform business operations control as part of the regular audit process, or an extraordinary audit of the business is scheduled.

The function of internal control over management is indirectly carried out by employees. They perform their duties and obligations professionally, competently, and with commitment. In situations where they detect inconsistencies or encounter problems in carrying out assigned tasks due to poor decisions made by the management body,

they inform their superiors and propose checks of those decisions and business processes.

The director performs management tasks and decision-making in accordance with the legal authority granted to them. Additionally, they are required to adhere to both general and specific legal acts established within the company. Their work is controlled and limited by legal provisions. If their work is not aligned with successful business operations, decisions will be made regarding their accountability and further engagement.

RISK MANAGEMENT

In addition to managing the organizational structure of the business as the dominant management activity, managing risks emerges as the second most important managerial activity. This is a crucial segment of business sustainability. In our company, the risk management process is structured in a way that ensures organizational, operational, and financial stability. Our risk management policy is based on determining the responsibilities established for the realization of set goals.

Risk management includes identifying risks, assessing risks, defining risk limits, as well as monitoring, controlling, limiting risk boundaries, and, lastly, reporting on relevant risks. The risk management processes are controlled by the management structure of the companies, which has defined powers and responsibilities in the control processes.

The procedures and methods for managing risks are based on certain principles, namely:

- Determining and defining risks;
- Transparency in risk management;

- Precisely defined and developed system for measuring and controlling risk management.

Risk management focuses on several categories of risks, including: financial risks, operational personnel risks, market risks, and environmental risks. The key characteristic of risk management is a balanced approach to risk-taking. This means that risk management activities are undertaken based on priorities in risk management.

ANTI-CORRUPTION STRATEGY AND ACTIONS

Managing companies that can be classified as successfully managed includes the development and implementation of an anti-corruption strategy. Our companies have an anti-corruption program, which exists and is consistently enforced.



The business operations of our companies are in compliance with applicable regulations in this area. The management bodies of our companies, through the risk management system, have defined and implement anti-corruption behavior. Anti-corruption behavior arises from the applicable regulations governing this area and partially from the Code of Ethics. The purpose of this code is to anticipate risky situations in order to prevent risks and avoid the occurrence of corruption, making it impossible. Employees are educated on how to avoid corrupt situations and actions. They are trained not to accept temporary

material benefits that arise from immoral and illegal conduct. Corrupt behavior in the long term creates personal problems and issues for the company. Employees have a legal and moral obligation to refrain from corrupt actions and avoid conflicts of interest while working for our companies. If a conflict of interest arises, employees are obligated to report it immediately to the management bodies. Actions contrary to this obligation represent a violation of work duties. Such actions are considered corrupt and impermissible, for which sanctions are prescribed.

CODE OF ETHICS

The Code of Ethics is an extremely important and indispensable element in the operations of our companies. Its adherence is a condition for a successful organization and harmonious collegial relationships. In our companies, the Code of Ethics is defined and respected in a manner similar to that of other successful companies. In business circles, the Code of Ethics is becoming increasingly relevant and pronounced, with growing obligations for its adherence. Business ethics is being emphasized, as it, along with organization and integrity, represents a significant element in the processes of creating a successful business.

The Code of Ethics encompasses the rules and guidelines that employees must follow when performing daily tasks. This code represents a framework for acceptable, rational, and professional behavior for each employee. It is a moral and customary legal framework for responsible and professional conduct. It also sets the boundaries of authority in fulfilling work obligations, establishing limits on tolerance when exceeding work tasks and disciplinary norms.

ACCOUNTABILITY IN TASK PERFORMANCE

Daily operations, consisting of various business processes, involve not only authority but also numerous responsibilities. These are based on legal provisions, company acts, and ethical codes. It is crucial that they are coordinated and aligned. Written rules, as well as oral ethical norms, establish binding guidelines for activities and operations. Adopted regulations, procedures, and decisions govern behavior norms in all situations related to business operations, including cases of rule violations. They address unacceptable behaviors such as discrimination, bullying, and corruption. Employees are encouraged to adhere to these rules while maintaining personal integrity.

SUSTAINABLE ESG MANAGEMENT

The challenges of our time, including climate change, reflect the negative impact humans have on the environment. This impact results from irresponsible behavior towards nature and its resources. Such damage is alarming, as frequent adverse weather events are becoming common consequences of human actions. This situation has led to changes in lifestyle, including significant adjustments in business practices. These changes are primarily aimed at creating regulations to protect the environment. Such regulations govern the management responsibilities of business entities and emphasize ecological actions. The focus is on creating management structures aware of ecological actions, integrating sustainable business practices that ensure environmental preservation while still pursuing profit. Our companies have proactively initiated activities to educate and train management bodies on sustainable business practices. Sustainable business is necessarily conditioned by the existence of management structures that are environmentally conscious,

simultaneously educated, trained, and capable of making ecological decisions. The management staff must be aware of and educated for sustainable business. In our companies, activities aimed at educating and training the management bodies in terms of sustainable business have been initiated in a timely manner.

ESTABLISHING A SUSTAINABLE MANAGEMENT STRUCTURE

The management bodies in our companies represent a sustainable management structure because they have established sustainable business practices. This was achieved through the integration of ESG (Environmental, Social, and Governance) practices, as our operations are organized in a way that ensures environmental protection at every stage of business activity.



Social relations within the organizations are aligned with sustainable business practices, and the management bodies are at the highest level of sustainability. By integrating all three factors, business performance has been improved, accompanied by ecological innovation. This innovation primarily manifests

in the procurement of eco-friendly vehicles that are both more fuel-efficient and cost-effective. Our companies are becoming more resilient to business risks by adopting sustainable business practices, which allow for greater energy independence, especially with the implementation of plans to build solar power plants as a source of electricity. We are already recognized as trusted companies, and this recognition will be further strengthened through the promotion of our sustainable and eco-friendly business practices.

ESG STRATEGIES AND MANAGEMENT

ESG reporting, in our case, is a result of organized, well-established ESG management practices and leadership in accordance with relevant regulations and positive practices. The ESG report, its creation, and publication are not an end in themselves. They are the outcome of implementing a sustainable development strategy and its successful execution. This reporting is transparent, based on existing documentation and information, and on easily verifiable data. As responsible companies that hold leadership positions in key areas of business, we aim to influence other companies to adhere to sustainable business practices, establish ESG strategies, and report on sustainable operations.



Our companies recognized the need to adopt an ESG strategy, define it, and implement it

strictly. At the beginning of this year, the foundations and frameworks of these strategies were established by deciding to strictly follow the principles of sustainable business. Our development strategy integrates ESG principles, with a strong positive impact on environmental protection, care for the community, employees, and their families. All of this is supported by management bodies that are educated and capable of advancing the business organization in the domain of sustainable business practices.

SUSTAINABLE BUSINESS REPORTING – ESG REPORTING

Reporting on sustainable business practices has gradually been established through provisions on the obligation of non-financial reporting. A further step in this process is ESG reporting, which informs business partners as well as the general public about the sustainable operations of companies. Through these reports, their preparation and publication, government administration, business partners, and all interested legal or natural persons gain insight into which companies are operating sustainably and to what level of sustainability. Furthermore, they can familiarize themselves with the details of the organization, the functioning of the companies, the achieved goals, and results if they have a business or other interest in doing so. Prior to preparing this report, as an initial, zero-level ESG report, work was done on creating and preparing a non-financial report. This reporting represents a significant step forward and alignment with European regulations and standards. ESG reporting is undoubtedly much more detailed and comprehensive, covering business operations, results achieved, plans, and future projections. The publication of this report marks an additional step towards the acceptance and

concrete realization of sustainable, profitable business practices. Our business has always been in compliance with regulations and applicable standards relevant to the sectors in which we operate. All of this has been done transparently, for the benefit of the companies, employees, and the community in which we work and live. Now, we are taking steps and actions to ensure that our business also contributes to the protection of the environment. Through our operations, we demonstrate that it is possible to operate successfully while considering environmental protection.

CONCLUSION

Always right and always first, we are here for you, our clients, regardless of weather conditions or potential obstacles. Client demands, as well as challenging times, are merely opportunities for us.

In such situations and conditions, we find and create paths, connections, and new opportunities. It is during these times that the capable and courageous stand out from those who are not and cannot become so. In normal times, business operates according to established patterns and clear rules. Both in normal and difficult times, we are on the roads, in the air, on the water, and on the railway tracks. Challenges are obstacles we overcome by delivering your shipments and transporting goods.

We operate and endure under all conditions, adapting to any circumstances, because we have a vision and clear goals for our journey and existence— **sustainable development**. We conduct sustainable business by achieving our goals while respecting your demands and needs.

Our vision, already realized in practice, is a successful and profitable business that ensures a good quality of life for ourselves, our employees, and their families, while simultaneously contributing to the community and taking care of the environment. We care for ourselves by caring for the nature that surrounds us.

We grow by creating a sustainable future. Logistics is both our business and our passion.



References:

ESRS STANDARDS OVERVIEW

ENVIRONMENTAL STANDARDS

- ESRS E1 – Climate Change
Requires companies to disclose information on mitigation and adaptation measures related to climate change, including reporting on GHG emissions and transition plans.
- ESRS E2 – Pollution
Mandates reporting on emissions to land, air, and water, as well as the use of hazardous and harmful substances.
- ESRS E3 – Water and Marine Resources
Focuses on water consumption and activities with significant impacts on marine ecosystems.
- ESRS E4 – Biodiversity and Ecosystems
Demands disclosure on land and natural resource use, as well as the impact of value chain activities on ecosystem balance.
- ESRS E5 – Circular Economy
Requires information on activities contributing to a circular economy, including design strategies, plans for reducing consumption of non-renewable and raw materials, material usage, and waste management.

SOCIAL STANDARDS

Social standards address workforce issues, supply chain labor, local communities, and consumers/end-users.

- ESRS S1 – Own Workforce
Covers disclosures related to employee management, working

conditions, health and safety, benefits, work-life balance, diversity, development, and more.

- ESRS S2 – Workforce in the Value Chain
Requires reporting on the impact on employees within the value chain and measures to reduce negative impacts on human rights.
- ESRS S3 – Impacted Communities
Focuses on impacts on local communities, their rights, and activities aimed at increasing contributions and reducing harm to local populations.
- ESRS S4 – Consumers and End-Users
Mandates disclosure of the impact on consumers and end-users of products and services.

GOVERNANCE STANDARDS

Governance standards are primarily addressed through:

- **ESRS G1 – Business Conduct**
Companies must disclose corporate culture, business policies, relationships with suppliers, and measures to combat corruption.

CROSS-CUTTING AND THEMATIC STANDARDS

As of the Delegated Act dated July 31, 2023, there are 12 ESRS (European Sustainability Reporting Standards) in total:

- **Cross-Cutting Standards:** ESRS 1 and ESRS 2 apply universally, irrespective of the outcome of the double materiality assessment.
- **Thematic Standards:** Cover environmental (E1–E5), social (S1–S4),

and governance (G1) themes and are subject to materiality assessments.

TRANSITION PERIOD

During the transitional period, some disclosure requirements may be omitted. An overview of such allowances is provided in the accompanying table.

INFORMATION DISCLOSURE REQUIREMENTS

The 12 ESRS standards require companies to provide details on:

1. Management, business model, and strategy.
2. Management of impacts, risks, and opportunities (policies and activities).
3. Quantitative indicators and targets.

COMMISSION DELEGATED REGULATION (EU) 2023/2772

STANDARDS	CALL FOR REPORTING	FOR ALL COMPANIES	FOR COMPANIES AND GROUPS UNDER 750 EMPLOYEES	
			1 st year	2 nd year
ESRS E1-E5	Anticipated financial effects	May be omitted in the 1 st year Years 1 to 3: Only qualitative information may be reported*		
ESRS E1	Data points related to Scope 3 and overall GHG emissions		May be omitted	
ESRS 4	Disclosure requirements		May be omitted**	May be omitted**
ESRS S1	Data points and Disclosure requirements	May be omitted in the 1 st year		
ESRS S1	Disclosure requirements		May be omitted**	
ESRS S2-S4	Disclosure requirements		May be omitted**	May be omitted**

*With limited exceptions, preparing quantitative reports for E1 is practically unfeasible.

**Sustainability factors covered by ESRS must be included in a materiality evaluation. A brief description of policies, activities,

