



The Inter Cars Group 2018 **SUSTAINABILITY REPORT**

Report on non-financial information of Inter Cars S.A. and of the Inter Cars S.A. Capital Group



18 April 2019

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01

do logistics



# Inter Cars – this is how we operate

*[102-14] “The Company keeps changing, adapting to circumstances and new market challenges. All the time, we – the Management Board members, managers and employees – come up with new ideas that drive our development. As a team we create synergy. We have ambitious plans and are determined to push on with further expansion. A great emphasis is placed on what has already been achieved – but there is still plenty to achieve. In many foreign markets, we are not yet a market leader, but we are already thinking of entering new market segments. We can see the challenges facing us. Given the scale of our business and high investor expectations, the responsibility for our impact on the surrounding world and the ability to conduct our business responsibly in all areas is an increasingly more relevant factor in the assessment of our condition.”*

— Maciej Oleksowicz,  
President of the Management Board of Inter Cars S.A.

## How we achieve our objectives:



### Unique organisational culture

— leadership by the company founder supported by a professional management team



### Strategic search

for new business opportunities



### Quick decision-making process

still resembling that of a family-run business



### Effective business model

tailored to various markets



### Excellent cooperation

with premium brands

[102-4] The automotive industry is one of the most important branches of the European and Polish economy. The manufacture of vehicle parts and accessories accounts for nearly 60% of the value generated by the automotive industry.<sup>1</sup> **Inter Cars’ business mission is to provide every car servicer and repairer with quick, convenient and secure access to all necessary parts.**

We are the European industry’s largest player, which has developed thanks to its workforce of over three thousand employees and **12 thousand affiliated personnel in 16 European countries**. Our success is based on the achievements of a number of private businesses and entrepreneurs, including our third-party customers (such as garages and auto parts retailers), but also our own branches.

<sup>1</sup> Automotive industry in Poland 2019

[102-1][102-3][102-5] Inter Cars is an international group of 33 specialist companies<sup>2</sup>, including 16 distribution companies. The holding entity is Inter Cars S.A., which sells spare parts. Inter Cars S.A. is headquartered in Warsaw and has been listed on the Warsaw Stock Exchange since 2004.

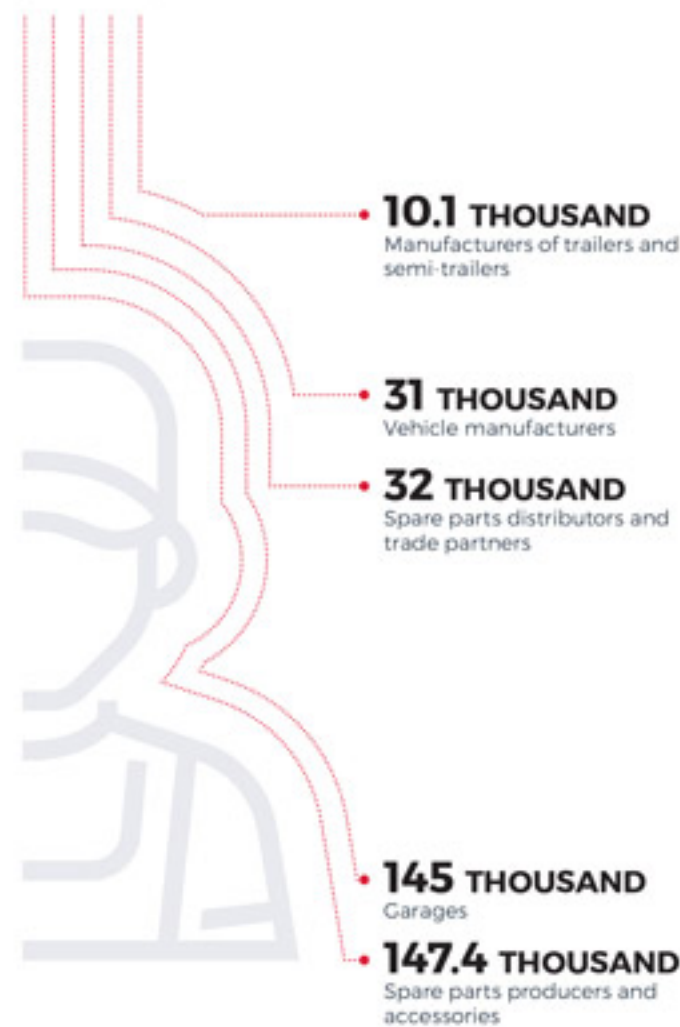
**Besides Inter Cars S.A., other important businesses in the Group include:**



- **ILS**, a provider of comprehensive logistics services related to goods storage and handling to other Inter Cars Group companies and third parties.
- **Inter Cars Marketing Services**, responsible for marketing activities.
- **Feber**, a manufacturer of trailers and semi-trailers.
- **Lauber**, specialising in remanufacturing of automotive parts, allowing customers to avoid costly purchase of new parts and scrapping of old ones. The quality of remanufactured parts does not differ from that of brand new ones.
- **Q-Service Truck** operator of a specialist garage mainly performing checks and repairs of utility vehicles, such as trucks, trailers, semi-trailers and buses. The company is an authorised dealer of Isuzu vehicles, operating its own showroom and a service centre. It is also an authorised repairer of ZF gearboxes.

**INDUSTRY'S IMPACT IN POLAND<sup>3</sup>**

**Workplaces in the automotive sector:**



**PLN 35 BN**

The automotive industry is the most productive branch of Poland's economy, accounting for approximately **8% of the country's GDP**. The market of auto parts and repairs is worth **more than PLN 35 BN**.

<sup>2</sup>29 direct subsidiaries, two indirect subsidiaries, equity interest in one associate  
<sup>3</sup>Automotive industry in Poland 2019

**Our business model**

[102-2] At the Inter Cars Group, we take care to ensure that each and every one of more than a million types of spare parts we sell is safe for our customers and their vehicles.

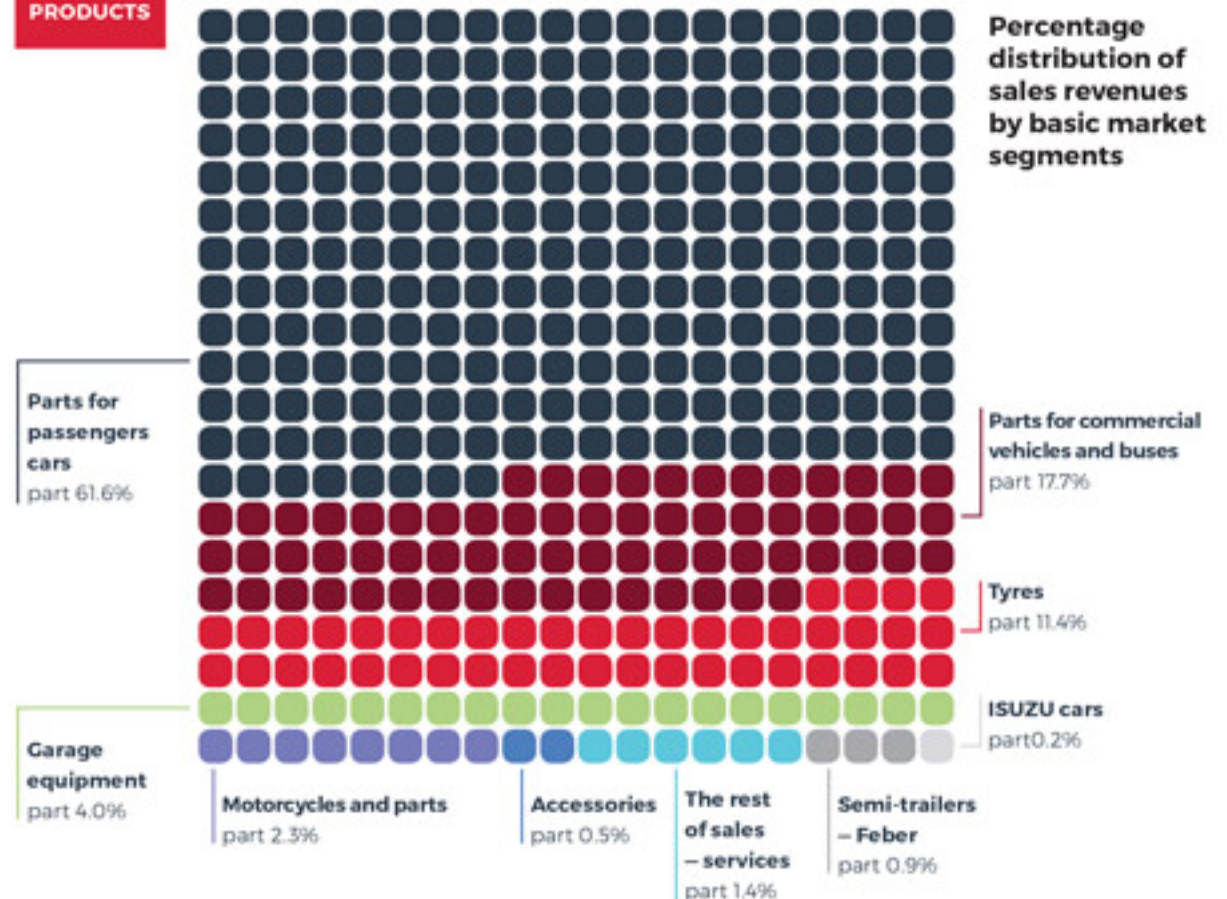
We do not, and will not, sell any products that may raise safety concerns. At the same time, we realise that budgets available for repairing a vehicle may vary considerably. This is why, alongside original equipment manufacturer (OEM) parts, we also offer less

expensive substitutes (aftermarket parts). The products we offer are checked for quality at Intermeko, an independent laboratory. We also sell remanufactured parts.

**CUSTOMER value proposition**

- I. Building competitive advantage through innovation.**
- II. One stop shop.**  
This relates not only to a continuous expansion of our product range, but also to the development of partnership programmes constituting a significant added value for key customers. In addition to selling spare parts and car equipment, we provide garages with the necessary tools and accessories. As part of after-sale activities, we organise trainings and offer comprehensive services helping garages to operate properly.
- III. Motointegrator is a unique service connecting vehicle owners with car servicers and repairers.**  
It is a platform through which garages can get their offerings across to customers while motorists are provided with access to an automotive world ecosystem.

**PRODUCTS**



**The Inter Cars brand**

- We ensure organisational and logistics knowledge, know-how, IT systems and availability of a full product range.
- Separate focus on each segment – parts for passenger cars, utility cars and buses, tyres, garage equipment, motorcycles and motorcycle parts, accessories, and vehicles. We tailor our sales and logistics strategies to the specific needs of each segment.

**Our industry position**

- No. 1 in Central and Eastern Europe
- No. 2 in Europe
- No. 8 worldwide

**Business development and steady international expansion**

- 548 branches in Europe, including 249 in Poland.
- Inter Cars Group's revenue PLN 7,943 m.
- Our warehouses are stocked with nearly half a million unique part types (SKU). This highlights that our market strength results from our broad product offer across a variety of segments (incl. parts for passenger cars, utility cars and buses, repair parts, batteries, garage equipment, etc.)
- 2018 was the second consecutive year when Inter Cars was included in the RESPECT Index. We were honoured by the European Business Institute with the Diamond of Polish Economy title. In addition, we were chosen as the gold winner in the SAP Quality Awards in recognition of our B2B e-commerce system and we received a White CSR Leaf from the Polityka weekly.

**INVESTOR**  
value  
proposition

**In the distribution business, the supply chain is a crucial element of any company's operations.**

At the Inter Cars Group, we believe that our system of car parts reception, storage and distribution is a source of competitive edge. We spare no effort to streamline, simplify and speed up all procedures with a view to giving our customers, (manufacturers on one side and garages on the other) assurance that they can always rely on our services.





**The Inter Cars Group's business spans all stages of the value chain,**

starting from the manufacturing plants, through garages, to services provided to business (fleet) customers and individuals referred to garages from the Motointegrator platform.

**Table. The Inter Cars Group value chain**

Stages of the value chain	Further details	How it works at Inter Cars
 <b>Procurement</b>	<ul style="list-style-type: none"> <li>• Product suppliers — external manufacturers of car parts</li> <li>• Service providers and suppliers of garage equipment</li> </ul>	<p>[102-9] Our Group cooperates with some 1,600 suppliers from Europe (including France, Spain, Germany, Poland and Italy), the United States and the Far East. These include mainly suppliers of car parts and garage equipment.</p> <p>All products we order are certified for compliance with the specific standards applicable in Europe. The key requirement we impose on our suppliers is that they provide us with complete technical documentation for each product, to be delivered at the same time as the product.</p>
 <b>Production</b>	<ul style="list-style-type: none"> <li>• Trailers and semi-trailers manufactured by a Group company</li> </ul>	<p>Feber sp. z o.o., a company of the Inter Cars Group, manufactures semi-trailers and trailers. Two-thirds of the vehicles leaving the company's Sieradz factory are sold in Poland, while a third of the production is dedicated to export markets, mainly Belgium, France, Finland, Germany, Norway, and Sweden.</p>

**Stages of the value chain**

 <b>Warehousing and logistics</b>	<ul style="list-style-type: none"> <li>• Collection of goods from the manufacturing plant or supplier's warehouse</li> <li>• Transport to the Inter Cars central warehouse</li> <li>• Inter-warehouse transfers to branch warehouses</li> <li>• Order processing and delivery</li> </ul>	<p>Key tasks in the supply chain are performed by ILS, a specialist logistics provider and a company within our Group. ILS is the operator of the European Logistics and Development Centre in Zakroczym, launched in 2017. Situated on a 15-hectare land plot and featuring a total of 45 thousand square metres of warehouse space and an 11-kilometre long conveyor system, it is the only such warehouse centre in the European automotive sector.</p> <p>In 2018, the second largest regional warehouse in Sosnowiec, serving the south-based companies of the Inter Cars Group, was expanded by 12 thousand square metres.</p> <p>Significant warehousing functions are also performed by a facility in Kormorniki, which additionally handles the German e-commerce market, and a warehouse in Czosnów, which is the distribution centre for car body and motorcycle parts.</p> <p>The total area of our central warehouses in Poland is more than 140 thousand square metres, compared with nearly 43 thousand square meters in other countries of Central and Eastern Europe.</p>
 <b>Distribution and sale</b>	<ul style="list-style-type: none"> <li>• Distribution and sale                             <ul style="list-style-type: none"> <li>- Garages</li> <li>- Shops</li> <li>- Other business customers</li> </ul> </li> <li>• Franchised branches</li> <li>• Garage chains</li> </ul>	<p>We know that in the highly competitive car parts distribution market a wide selection and, preferably, immediate availability of products at all ends of the price spectrum are of key importance. We also owe our leading position to diversified distribution channels. We understand that independent garages, which account for more than 90% of all car servicing and repair establishments operating in Poland, are the first choice for Polish motorists as they offer relatively lower repair costs.</p> <p>We continue to develop chains of independent garages (Q-Service, Q-Service Truck, Q-Service Castrol, Perfect Service). Being part of a chain gives garage owners an easier access to specialist technical knowledge, as well as a sense of belonging to a distinguished group of car service providers.</p>
 <b>Our customer groups</b>	<ul style="list-style-type: none"> <li>• Private individuals — motorists</li> <li>• Fleet management companies</li> </ul>	<p>Motointegrator as a unique platform linking motorists with car servicers and repairers, where users can also read other customers' reviews of garage services.</p> <p>The offer addressed to fleet customers includes anything related to a company car: a full scope of repairs, services, handling of documents, and even purchasing and selling fleet cars, as well as an innovative fleet management tool - an insight into the history of each car; broad scope of services and fast approval of repair costs.</p>
 <b>Product regeneration for a new lifecycle</b>	<ul style="list-style-type: none"> <li>• Private individuals</li> <li>• Garages</li> <li>• Auto parts retailers</li> </ul>	<p>Lauber is a member of our capital Group engaged in remanufacture of car parts, a very important task in the value chain and also one that is crucial from the point of view of our acting in an environmentally responsible manner. Remanufacture allows customers to avoid costly purchases of new parts and scrapping of old ones. Thanks to engineering and technology advancements, a remanufactured part is functionally no different from a new one.</p> <p>Remanufacturing of parts benefits the environment and generates savings for consumers in buying parts or repairing their vehicles.</p>

## The Inter Cars Group in numbers – 2018 (thousand PLN)

[102-7] Financial capital <sup>a</sup>	2017	2018
Equity market value	4,392,111,000	2,961,133,000

[201-1] Przychody <sup>b</sup>	2017	2018
Net sales revenue	6,908,365,000	7,943,253,000
Other operating revenue	31,621,000	47,290,000
Financial revenue	2,382,000	2,385,000

Koszty <sup>c</sup>	2017	2018
Operating activity expenses	6,613,936,000	7,622,697,000
Other operating expenses	31,586,000	54,463,000
Financial expenses	40,473,000	43,685,000

Inne <sup>d</sup>	2017	2018
Payroll and benefits	234,119,000	297,987,000
Payments to investors	10,059,000	10,059,000
Payments to the state	222,922,000	133,874,000
Community investments	2,568,000	3,924,000

Human capital <sup>e</sup>	2017	2018
Number of employees	3,138	3,385

Corporate governance	2017	2018
Cases of corruption [205-3]	0	0
Violations of employee and human rights	0	0
Cases of unfair competition	0	0
Violations of environmental protection laws or regulations	0	0
Cases of discrimination [406-1]	0	0
Violations of freedom of competition and monopolistic practices [206-1]	0	0

<sup>a</sup> For 2017: data for day 31/12/2017  
For 2018: data for day 31/12/2018

<sup>b</sup> For 2017: data for period from 01/01/2017 to 31/12/2017  
For 2018: data for period from 01/01/2018 to 31/12/2018

<sup>c</sup> For 2017: data for period from 01/01/2017 to 31/12/2017  
For 2018: data for period from 01/01/2018 to 31/12/2018

<sup>d</sup> For 2017: data for period from 01/01/2017 to 31/12/2017  
For 2018: data for period from 01/01/2018 to 31/12/2018

<sup>e</sup> For 2017: data for day 31/12/2017  
For 2018: data for day 31/12/2018

### GOOD PRACTICE

We treat our suppliers as partners. We are open to dialogue and to exchange of knowledge and experience. We invite our partners to visit us for training sessions and we go on such visits ourselves to participate in training offered by suppliers. Together we look for solutions to further enhance our cooperation. Such discussions have led us, for instance, to the launch of a delivery advice system, which has reduced the waiting time

for vehicle unloading and its duration. Knowing in advance what goods will arrive and in what quantities, a central warehouse is able to more effectively prepare for the unloading operation. We have also implemented an electronic document flow system, which has allowed us to eliminate paper, but also to accelerate the process of preparing a delivery for reception.

02

# Building competitive advantage

“Investors often approach us with questions about our vision of future business growth. Having identified our ESG risks, qualified for inclusion in the Respect Index and implemented non-financial reporting in compliance with the new disclosure regulations, we have become better prepared to address such questions. We have also developed a CSR strategy based on dialogue with our business partners, employees, and other stakeholders.”

— Jacek Piotrowiak,  
Head of Corporate Affairs,  
Commercial Proxy, Inter Cars S.A.

## The future of our sector — the market and trends

At Inter Cars, we always seek to anticipate market needs. We want to get ready today for the challenges of tomorrow. We think it our duty to closely monitor global trends in the automotive industry, a thing of vital importance at the time of fast technology advancements and digital transition. We believe our offering can best be matched to customer needs through optimisation of all the processes taking place at our organisation and growing commitment to the environment.

The developments we have been observing with great attention include the growing presence of the Internet of Things, telematics, artificial intelligence (AI), process automation, and – looking forward – also automatic communication between vehicles, warehouses, equipment and infrastructure instruments thanks to development of telecommunications networks (e.g. 5G).

Increases in computing power that would have been hard to imagine not so long ago and the resulting convergence have increasingly spurred the creation and implementation of new business models. The prospect of having to deliver parts not only on time and to the right destination, but also along the best route and in the exact quantity needed, presents a natural opportunity for us to optimise our transport and warehousing processes, but also mitigate our impacts on the environment.

We keep an eye on the development of alternative vehicle drive systems and self-driving technologies, including in the transport industry. We follow developments in electromobility and the growing presence of lorries fuelled by natural gas (LNG, CNG) or bio-methane. At Inter Cars we understand that availability of spares and equipment is an important factor considered by businesses in making a decision whether to switch to an alternative drive system. We support pro-environmental changes in transport and we are ready to offer our customers the necessary subassemblies.

Moreover, we do not ignore **the ongoing development of e-commerce in Poland**. The Polish online sales market is now worth PLN 40 bn, and by 2020 its value is projected to reach PLN 70 bn. At Inter Cars we are aware of the challenge this poses to road transport companies, which are capable of offering greater flexibility than railway or air carriers, and are indispensable for the Polish e-commerce sector to develop. In our opinion, that challenge can be addressed by sustaining a quick pace of adopting innovations by Polish transport companies, which already operate modern

### A handful of noteworthy facts

In Poland, we have witnessed strong progress in the digitisation of national transport systems with a cross-border dimension. According to market experts, imminent developments include:

- increased availability of sea ports in Poland and the Polish transport network (road, rail, inland waterway, and intermodal routes) becoming an integral part of the Trans-European Transport Network (TEN-T),
- improved throughput capacities of Poland's transport system and the Polish customs zone,
- integrated management of linear and point transport infrastructure, traffic and cargo flows in all branches of transport,
- improvements in transport efficiency and speed of cargo transfer, coupled with a reduction in congestion, bottlenecks and vehicular queuing, with a view to increasing goods trading in Poland, including exports and imports,
- growing safety of transport and reduced traffic saturation.

fleets, not only in terms of vehicles, but also in terms of what they are equipped with (e.g. digital devices). Consumers are equally eager to embrace novel solutions, as evidenced by the popularity of certain sharing economy solutions.

# Growth strategy

## OUR MISSION

Inter Cars S.A.'s mission is innovation-based development of premium quality services in the supply of automotive and garage equipment products well matched to the market demand. Our objective is to ensure sustained growth in shareholder value and customer satisfaction.

Our mission is also to consistently improve and harness the potential of our employees in a socially responsible and environmentally friendly way. We support social and economic development and promote the safety of our staff, customers, services and products.



We operate responsibly. Together with our key stakeholders, we have developed a CSR strategy, which has been applied across the Group since 2017. The document deals with key CSR aspects, both internal and those relating to our economic, social and environmental impacts.

*„A CSR strategy may not be detached from business operations in the short or long term. This is why we have integrated our CSR agenda into the business strategy, to make sure these two support, complement and interplay with each other. I believe this is the only way to sustainably develop our business.“*

— Krzysztof Soszyński,  
Vice President of the Management Board  
of Inter Cars S.A.

### Elements of the business strategy for 2018–2020

### [102-12] SDG (Sustainable Development Goals)

### CSR strategy

### [102-44][102-47][103-1] Major topics we focus on and report

The development of the Inter Cars S.A. Group supports business growth of our internal and external customers.



We are building market leadership, setting directions for the industry and actively promoting corporate social responsibility in the automotive sector.

- International expansion (Inter Cars as a market maker)
- Improving product and service availability; growing the B2C segment
- Ready for market shifts and business expansion; tracking trends and innovation

Our CSR efforts are geared towards creating development opportunities for young people and for the disabled, and towards promoting automotive themes.

- Strengthening entrepreneurship (supporting local firms in business development, succession planning, practical business skills)
- Engaging partners, customers and employees in CSR initiatives

The Inter Cars Group supplies a full range of products and services to business customers and private individuals.



Our customers are provided with top quality products and services, and our business partners are offered comprehensive support in growing their businesses.

- Ensuring superior customer service
- Managing supplier relations and enhancing product quality for branches and garages by promoting good practices

We seek to reduce our adverse environmental impact along the entire value chain by raising the environmental awareness of our customers and business partners.

- Waste collection
- Improving product and logistics efficiency

Maintaining profitability at all management levels to drive further rapid growth across sales segments.



We engage in ongoing dialogue and collaboration within our value chain, seeking to create uniform policies for our core areas based on internal diversity of the Inter Cars Group.

- Our continued presence in the Respect Index attests to our compliance with the highest ESG standards
- Ethics and compliance
- Coping with age diversity and generational changes

We create an environment conducive to knowledge sharing and implementing innovative business solutions, engaging our employees and external stakeholders in the process.

- Attracting and retaining young talent
- Facilitating cooperation between individuals with various competencies
- Creating learning and personal development opportunities (ability to track trends and innovations)
- Boosting innovative thinking
- Supporting energy, passion and proactive attitudes



## ✓ GOOD PRACTICE — CSR LEAF



We are proud that our social outreach initiatives are recognised by independent experts. In 2018, we received a White CSR Leaf award from the Polityka weekly, Deloitte and the Responsible Business Forum. The award recognises businesses committed to implementing all key categories of ma-

agement standards recommended by ISO 26000 (such as work practices, including a formalised employee evaluation system, an environmental impact management system, social engagement and local community development) and constantly hone their CSR practices to effectively manage their impacts on the outside world.

## ✓ GOOD PRACTICE — CERTIFICATION

At Inter Cars S.A. we pay attention to constantly refining our processes, as demonstrated by our certificate of compliance with the ISO 9001:2015 international standard. In June 2018, a renewal audit was conducted of our

quality management system, and all processes carried out by Inter Cars, ILS, Intermeko and third parties were re-certified for meeting the highest quality standards.

## ✓ [102-5] GOOD PRACTICE — RESPECT INDEX DISTINCTION

In December 2018, the Warsaw Stock Exchange announced a new list of the RESPECT Index constituents, which included Inter Cars. The RESPECT Index brings together responsible companies that enjoy premium liquidity, as confirmed by their inclusion in the WIG20, mWIG40 or sWIG80 indices. To be included in the Respect Index, companies undergo a three-stage review process carried out by the WSE and the Polish Association of Listed Companies and need to demonstrate an impeccable ability to communicate with the market through current and periodic reports, and through websites. A third condition is their acting responsibly towards the environment, local communities and

employees, which is evaluated in a survey reviewed by the project auditor.

Our presence in the RESPECT Index demonstrates that we maintain a sound dialogue with the market, care for our employees, all stakeholders and the environment, and conduct our business as a responsible corporate citizen.

Being a RESPECT Index constituent stock makes us more attractive to investors.

Our commitment to investors is reflected in quality reporting, strong investor relations and high disclosure standards. We want to be a partner to professional investors, and we consider our presence in the RESPECT Index as a token of real prestige.

# Dialogue with our stakeholders

[102-40][102-42] We aim to build responsible relationships with our stakeholders. We know exactly how we impact our stakeholders and how they impact us. We believe in dialogue – we never try to avoid difficult issues and we are always ready to talk. We meet with our key stakeholders on a regular basis, listening to their feedback and presenting our standpoints and proposals. We believe long-term relationships need to be based on mutual understanding and trust.



Shareholders	Financing organisations
Public administration	Capital market participants
National and public authorities	Service and equipment suppliers
Employees	Parts suppliers
Individual customers – motorists, motorcyclists, marine	Business customers – garages
Beneficiaries of CSR initiatives	Fleet customers
Vocational schools	Media
Competitors	Trade associations and industry organisations

[102-43] **We maintain regular contact with our stakeholders.** We host an all-investor meeting and one-on-one conference calls every quarter after the release of financial results. As our employees are equally important to us, we conduct employee satisfaction surveys on a regular basis. In addition, the **"Young Car Mechanic"** competitions are an opportunity for us to gain an insight into what young people training for jobs in the car business and our future employees think.

✓ **GOOD PRACTICE**  
— BUILDING RELATIONS

An example of how we go about building relations with our stakeholders is a website for shareholders - investor.intercars.com.pl, where we post up-to-date information about our Company. We want our every current and potential investor to have access to a

complete set of information on Inter Cars, its values, corporate governance, financial condition, prospects and operations. Recordings of conference calls dedicated to our latest financial results and planned activities are regularly posted on the website.

✓ **GOOD PRACTICE**  
— TRADE ASSOCIATIONS

[102-13] We share our expertise by actively participating in the work of trade associations. We are a member of the Association of Car Parts Distributors and Manufacturers (SDCM), which is a member of the European Federation of Independent Aftermarket Distributors (FIGIEFA). As an SDCM member,

since 2016 we have been involved in the work of CLEPA, the sole European organisation representing the interests of auto parts manufacturers. Our experts join in debates on pollutant emissions, technical regulations, sector competitiveness, and innovation.

03

**Technology at the service of mechanics**



*"The complexity of modern vehicles and the sheer number of engine models and types have led to a situation where even the most experienced of mechanics may sometimes need help. At Inter Cars, we rely on a state-of-the-art technology to help customers quickly find exactly what they need. We save them a lot of time and uncertainty when making a choice — every single garage owner will appreciate that".*

— Wojciech Twaróg,  
Member of the Management Board  
of Inter Cars S.A.

## A service that connects

At Inter Cars, we believe that every vehicle owner deserves the services of a reliable garage and that every car servicer deserves good and loyal customers. Our intention is for motorists to be able to quickly locate a reliable car repairer, but also to receive comprehensive automotive services. We want the Inter Cars offering to respond to every need related to owning and using a car.

This is why we have conceived and developed Motointegrator, a unique service that literally connects motorists with car servicers and repairers.

### Motointegrator in 2018:

**>10 thous.**  
garages in all markets

**>3,8 mln**  
unique users (a year-on-year increase of 170%)

**Providing**  
motorists with access to  
online maintenance logs

On the one hand, it is a platform through which garages can get their offerings across to customers. On the other, motorists are provided with access to an automotive world ecosystem, which makes looking after and using a car as easy and simple as it gets.

Motointegrator is becoming increasingly popular — since its launch, the service has been visited by more than 5.5 million motorists, and in 2018 alone the number of visits rose 170% year-on-year. Our ambition is to ensure mobility for motorists and the largest possible customer base for garages, all thanks to a simple and easy-to-use application connecting car servicers with car owners.

Motointegrator is both a place to find car repairers and read other motorists' reviews of their services, and a place where car owners can easily manage their vehicles. In 2018, we launched a new service. Users can now access their online maintenance logs, services recommended by their mechanics, special offers and notices of the approaching dates of car checks. Motointegrator is also a database of knowledge: featuring descriptions of services offered by garages as well as automotive guides, which enjoy immense popularity with users.

We also promote the interests of car servicers and repairers, as the online maintenance logs and service recommendations are a means to expand their offerings and foster customer loyalty.

Our objective for 2019 is to expand the base of registered motorists and garages that are active users of our services.

## Short lead times



Our cutting-edge sorters allow us to sort up to 500,000 items and dispatch 60,000 shipments within 24 hours.

The centre in Zakroczym comprises four halls. The main hall, built as a greenfield project, has an area of 30,000 square metres, of which 14,000 square metres accommodate four-tier shelving units. The two smaller halls, each with an area of 5,000 square metres, were converted from existing buildings. The fourth hall, with an area of 4,500 square metres, is intended for storing tyres.

The main hall houses an 11-kilometre long conveyor system. Facilities operated by ILS use an advanced technology involving a specially designed system for sorting goods, comprised of a station for receiving deliveries and returns of products, conveyor belts, a product sorter and a dispatch packaging sorter. State-of-the-art technologies allow us to practically elimina-

te the risk of errors in sorting goods – the machinery gives a 99.9% assurance that products will be distributed correctly.

However, the Inter Cars Group's logistics base includes much more than the centre in Zakroczym. Goods for domestic and foreign customers are also released from the Southern Logistics Centre in Sosnowiec, which has an area of 42,000 square metres, and the Western Logistics Centre in Komorniki, with an area of 18,000 square metres. The Group also has logistics centres abroad, in Riga (Latvia), Braşov (Romania), Zapręšić (Croatia) and Budapest (Hungary).

**The availability of goods is further supported by midiHUBS, located in Poland and abroad.**

## [102-6] Modern network of logistics centres

The warehouse in Zakroczym handles approximately **45% of Inter Cars' operation** in Poland (Q1 2018).

Within one day, the warehouse sends about **240,000 items of goods**.



### ✓ GOOD PRACTICE — COMFORTABLE ORDERS

We want to optimise our process of placing orders with manufacturers, which is why we implemented the SAS tool at the end of 2016 and beginning of 2017. The advanced software analyses the best procurement scenarios, maximising profits from purchase discounts, while taking into account the logistic costs related to purchase, reception and storage of goods. Deployment of this new solution has enhanced automation and given us more control over managing stocks at the optimum level.

Currently, the partnership chains, such as Q-Service and Perfect Service, associate about 1,000 garages. While our previous concepts focused on improving the technical competences of garages, currently, we are implementing a new approach focused on retail customers, namely the Q-Service-Castrol concept, which consists primarily in improving the standards for end customers, the marketing communication with them as well as the overall image of garages.

## A broad selection

As each garage owner knows, the ability to efficiently repair a vehicle requires more than just mechanical skills, but also — often above all — suitable parts.

Choosing the right item from among hundreds of models and thousands of components is frequently a time-consuming task for garage staff, which requires expert knowledge and carries a risk of making a mistake.

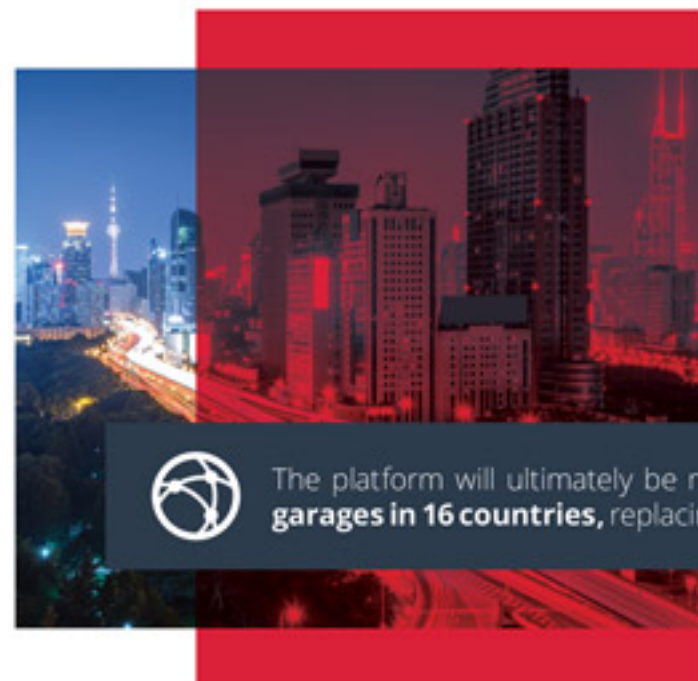
This is where Inter Cars would like to make a difference. We want every car repairer to be able to easily and quickly order the exact parts needed for a particular repair. That is why we have developed ICC (formerly the Universal Sales Application), a milestone in simplifying the process of finding and ordering parts by garage staff.

The solution is currently widely used in Greece, Bulgaria, Bosnia and Herzegovina, the Czech Republic, Slovenia, Romania, Moldova, Hungary and Slovakia. In 2019, it is to be deployed in Poland. The simple and intuitive interface allows mechanics to quickly identify a vehicle and select the suitable parts. ICC works on any device, with any operating system equipped with a web browser, based on the PWA (Progressive Web Application) technology to improve user convenience.

The platform will ultimately be made available to more than 100,000 garages in 16 countries, replacing the existing order placement systems.



Thinking about the future, we do neglect the present. The IC Online Catalogue is an indispensable tool in the work of thousands of garages throughout Poland, Lithuania, Latvia and Estonia. This modern system, which has been developed for five years now, meets most of our customers' needs and is the digital heart of any car repair establishment. In response to the needs voiced by customers, we have been gradually adding new functionalities and improvements, making sure the IC Online Catalogue remains the leading solution in its category.



The platform will ultimately be made available to **more than 100,000 garages in 16 countries**, replacing the existing order placement systems.

## A car always close at hand

The need to have a car serviced, even the best one, can complicate the life of every motorist. Everyday routines like taking children to school, doing big shopping or going to business meetings become the more difficult the longer the car is being serviced.

At Inter Cars, we know it very well — after all, we are motorists ourselves. We understand how important it is for a garage to be able to offer a replacement car to a motorist whose own vehicle is being repaired. Since 2016, we have been consistently building our 'Car for the Garage' programme, enabling the garages that have partnered with Inter Cars to acquire vehicles on very attractive terms and add them later as replacement cars to their own service offerings. In 2018, garages all over Poland were already able to offer more than such 1,200 such vehicles received under the programme.

The garages can rent them out to customers on favourable terms. What is more, such rental service is also available to customers whose cars are not being serviced by a particular garage. Our experience clearly shows that the ability to offer a car rental service by a garage is perceived by its customers as a huge competitive advantage. For this reason, we intend to further develop this scheme. We expect the number of vehicles available under the 'Car for the Garage' programme to increase to 1,600 by the end of 2019.

Based on vehicles available at the garages that have partnered with Inter Cars and using a dedicated web platform linked to a mobile application, we have launched a centrally coordinated car rental service, which is currently offered to our fleet customers. As part of the service, we can arrange car rentals across Poland for fleet customers whose vehicles are being repaired or who need a car for any other reason. In 2019, we also plan to offer the service to other B2B customers, such as selected road assistance and insurance companies. Later on, we expect to extend it to individuals who have their cars repaired at garages partnering with Inter Cars.

In parallel with developing our Rent-a-Car offering, we will also be actively seeking opportunities for rolling out a car sharing service, which would complement the car rental business model based on the network of garages partnering with the Inter Cars Group.

✓

### GOOD PRACTICE

#### — CAR FOR THE GARAGE

Under our 'Car for the Garage' programme, car servicers and repairers who have partnered with Inter Cars are offered attractive terms on which they can lease new cars, most of them readily available, based on simplified procedures.

**Benefits for garage owners:**

- new replacement cars for their customers,
- improvement of customer service quality,
- ability to attract customers by offering a replacement vehicle service,
- ability to earn additional income from car rental,
- ability to develop the car rental service as a new business line.

Since it was launched in 2016, 'Car for the Garage' has been immensely popular with car servicers and repairers, being perceived as a tool to gain an advantage over local competitors.

## Innovations for the future

At the Inter Cars registered office in Czosnów we have installed charging stations for plug-in electric and hybrid vehicles, located on the parking lot in front of our entrance gate.



This is the first e-mobility project to have been implemented by Inter Cars in Poland. Each charging station is fitted with two charging connectors, which means they are capable of recharging four vehicles at the same time. The stations can recharge virtually any vehicle with a battery and plug-in, ensuring the maximum charging capacity and thus the shortest charging time.

The stations are available free of charge to Inter Cars employees.



# 04

CSR strategy implementation

## The environment

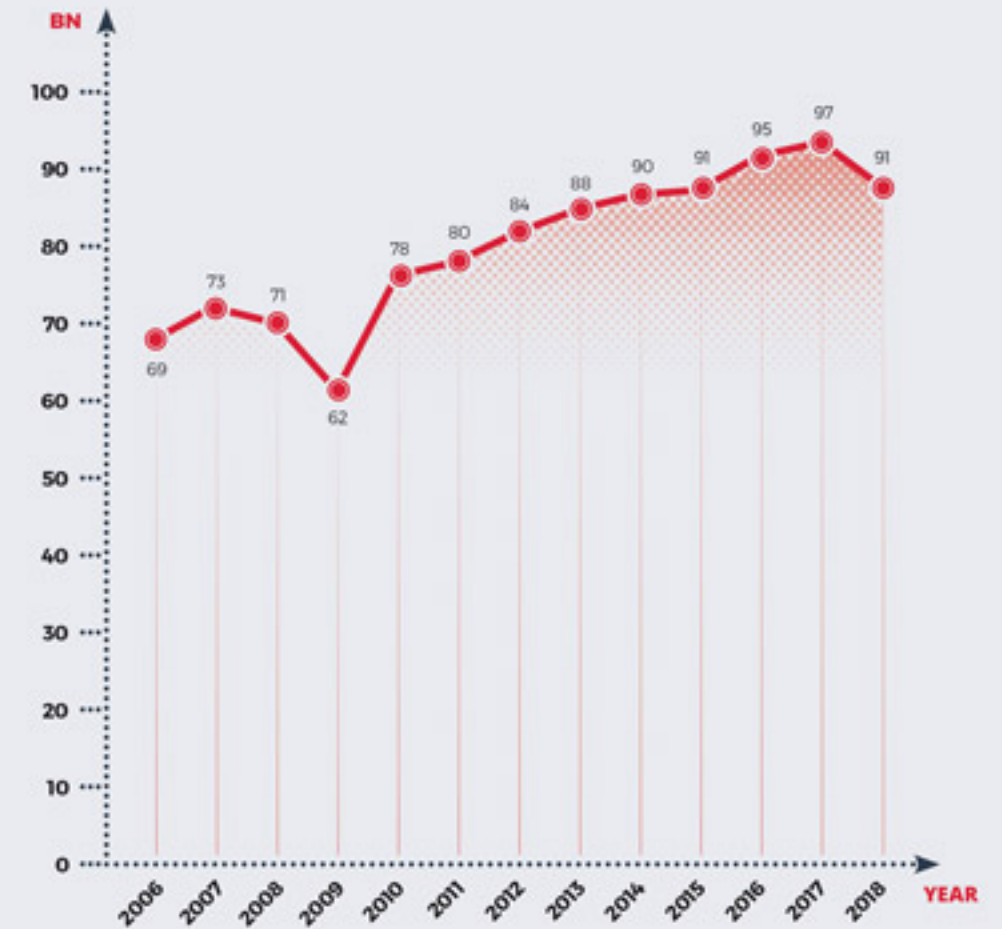


"At Inter Cars, we are aware of the threats. Not only do we carefully monitor our environmental impact, but we also strive to reduce it wherever possible. We set new industry standards and we aspire to be an example to follow for other market participants."

— Wojciech Kopacz,  
BIO SERVICE Project Manager

The estimated number of motor vehicles on the world's roads now is **over 1 billion**, and the number of newly made cars grows year by year<sup>9</sup>. In 2015, for the first time ever global production exceeded 90 million vehicles. The automotive industry, whether globally or at regional levels, is a huge challenge to the environment.

### Global automotive production<sup>10</sup>



Depending on the scenario, the total value added<sup>11</sup> to the national economy from a reduction of raw materials and energy consumption in the transport sector ranges between ca PLN 13bn (in the case of a 5% cost reduction) and over PLN 52bn (in the case of a 20% cost reduction). Reducing raw material and energy costs in transport requires changes in vehicle manufacturers' approach and in people's attitude to public transport. Cost reductions and investment of the generated savings within a sector would accelerate the adoption of new technologies and improvements, while increasing production rates and raising social responsibility awareness among consumers.



<sup>9</sup> <http://www.worldometers.info/cars/>

<sup>10</sup> International Organization of Motor Vehicle Manufacturers

<sup>11</sup> „Closed loops – open opportunities”, Deloitte Report, 2018

Some solutions that could generate significant cost savings include:



Full integration of the public transport system, including a fully-fledged car-sharing scheme – this would enable more efficient use of vehicles and help reduce the number of passenger cars on Polish roads.



Design and manufacture of zero-emission vehicles from durable materials – increase in the number of vehicles powered by electric motors and extending their life cycles would significantly reduce costs associated with air pollutant emissions.



Building cars with easily recyclable parts – more effective use of waste and used materials (e.g. through refurbishment) would help recover more materials for reuse in production.

The Inter Cars Groups's environmental responsibility



# Remanufacturing of parts



Polish economy is very inefficient in terms of resource and energy use

The circular economy is a development strategy aimed at fostering prosperity, while reducing and optimising resource consumption. Its goals are achieved by overhauling manufacturing and consumption chains, implementing new business models, reusing materials, extending product life cycles, and tapping the potential which currently goes down the drain with waste streams. In this solution, thanks to appropriate supply chain management, the circular economy seeks to eliminate product end-of-life.

- Poland ranks third in the EU in terms of material consumption, but its material efficiency is 3.5 times lower than the EU average, reflecting a large share and low added value contributed to the economy by the industrial sector.<sup>12</sup>
- The economy is more than twice as energy-intensive as the EU average, and the share of renewable energy is low (only 11.3% in 2016), which puts Poland among the largest emitters of greenhouse gases. In fact, Poland accounts for 9% of Europe's total GHG emissions.<sup>13</sup>
- A mere 1% reduction of the costs of materials and energy could add PLN 19.5bn to Poland's GDP per year.<sup>14</sup>

At Inter Cars, we believe that the circular economy is one of the key responses in environmental terms to the growing demand for vehicle parts. Faced with the problem of global resource depletion and excessive waste production, we want to ensure that auto parts, which until only recently have been treated as waste, could be 'restored to life' and reused to the widest extent possible. This is an area of expertise of our Group company **Lauber**, whose business consists in remanufacturing car parts. Using state-of-the-art technologies, it can remanufacture mechanical components so

that they have the same functional properties as new ones. Remanufacturing helps avoid costly purchases of new parts and scrapping of old ones, while the quality of remanufactured parts is on a par with that of brand-new products.

**PLN 51 M**

In 2018, the value of parts we remanufactured reached **PLN 51m**.

<sup>12</sup> Eurostat (env\_ac\_mfa\_env\_ac\_rp)  
<sup>13</sup> https://ec.europa.eu/eurostat/statistics-explained/pdfscache/1180.pdf  
<sup>14</sup> „Closed loops – open opportunities”. Deloitte Report, 2018

# Waste management

Used oils, filters, brake fluids, batteries... Every mechanical workshop has to deal with such waste, some of which may pose environmental hazards. At Inter Cars, we understand how arduous and time-consuming it may be to garage owners and staff to manage waste responsibly and in compliance with the legal regulations. This is why we have developed **BIO SERVICE**, a unique proposal offered to our partners in the car servicing and repairing business.

BIO SERVICE is also a unique loyalty scheme for garages. A good example of its benefits are Premia Cash cards, received by garage owners in exchange for used batteries. Points collected in such cards may be redeemed when buying parts via Inter Cars.

Like all service providers, the Inter Cars Group generates waste in the course of its business. Since we cannot significantly reduce the volume of such waste (particularly that not related to office work), we remanufacture vehicle parts to give them a second life. We also take measures to ensure that the generated waste temporarily stored on our premises does not pose a threat to the natural environment. It is stored in line with the best market practice and in compliance with administrative decisions and permits, and we make sure it is collected by proven and qualified waste processing companies.

## Advantages of BIO SERVICE



- **Access** to environmental protection specialists
- **Support** in meeting the necessary formal requirements related to waste management
- **Waste collection** containers
- **Waste removal** by specialised oil tankers and rigid trucks with a lift to transport other garage waste
- **Assistance** in the preparation of key waste management documents
- **Maintenance and cleaning** of separators and settlement tanks for oil-derivative substances
- **Maintenance and rental** of workwear



## [306-2] Total weight of waste (in [Mg]) generated by IC S.A. and the Inter Cars Group in 2018 by disposal method.

	THE GROUP		IC S.A.	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Recycling	6,515.29	5,640.50	123.32	16.53
Recovery, including recovery of energy	7,226.56	69.58	-	-
Incineration	4.60	2.98	-	-
Landfill	14,545.44	-	-	-
Other	0.35	-	0.35	-
<b>Total</b>	<b>28,496.22</b>	<b>5,768.45</b>	<b>123.67</b>	<b>16.53</b>



### GOOD PRACTICE – BS BIO APPLICATION

In order to make BIO SERVICE more user-friendly, we have launched BS BIO, a computer application that allows garages to quickly and easily order waste collection services. The system automatically calculates the costs, and if the waste to be collected must be paid for and resold, it makes the relevant subtraction and displays the amount to be paid to or received from the operator. Apart from waste collection ordering, the system

offers environmental protection consultancy. The list of services and prices is available in the BIO Service section of the website.

Customers who use the system can order a specific service, such as a waste generation permit, environmental permits, a report for the National Centre for Emissions Balancing and Management (KOBIZE), or a permit for release of gases and particulate matter into the air.

In 2018, we handled **11,604 tonnes** of garage waste as part of the BIO SERVICE initiative, that is, **3.7%** more than in the previous year.





## GOOD PRACTICE — MULTIPLE-USE BOXES

For several years now, ILS has been working to minimise the purchase of consumables used in the storage and transport of goods.

The company buys multiple-use pallet boxes, transport baskets, trolleys for carrying large goods, etc.

In 2018, we purchased about 25,000

pallet boxes and 3,500 transport baskets. We also steadily increase the use of non-disposable packaging.

These measures led to an over 50% reduction in the cost and use of cardboard packaging in 2018 relative to 2017.

Use of cardboard boxes in **2017:** **2,458,503**

Use of cardboard boxes in **2018:** **1,163,189**



## GOOD PRACTICE — WEIGHT ADJUSTMENT

Engineers from the Inter Cars engineering department have reduced the weight of the Company's tipping lorries and increased their cubic capacity without compromising strength. The reduced weight of the vehicles mitigates their environmental impact thanks to lower fuel consumption, rolling resistance and tyre wear.

In 2018, we also managed to reduce the volume of metal waste generated in the

manufacture of vehicles. We discontinued our own production of structural elements from standard sheet metal – thanks to arrangements with our suppliers, we will now be receiving ready components made to our technical specifications, including chassis frame webs, closing hinge and hook sets and rear bumper bracket assemblies. As a result, we have managed to cut waste (mainly steel and aluminium) by as much as 20%.



## GOOD PRACTICE — ULTRA-RESISTANT MATERIALS

In designing products, Feber's engineering department has implemented the use of ultra-resistant materials. The change has allowed the company

to bring down the weight of its end products, which translates into reduced fuel consumption, and thus into lower greenhouse gas emissions.

# Managing the infrastructure's environmental impact



[103-1][103-2][103-3]

## MANAGEMENT FRAMEWORK

- Occupational Health and Safety and Environmental Protection Policy of the Inter Cars Group
- Efficient Energy Management Plan – Energy Efficiency of the Inter Cars Group
- Internal energy management policy
- Regular energy audits in accordance with the PL-EN 16247 standard
- Analysis of the Company's environmental impact – direct and indirect aspects
- Reviews of legal compliance with respect to environmental protection
- Reviews of subcontractor compliance with environmental requirements with respect to permits, approvals and administrative decisions

### [302-1] Energy consumption

	THE GROUP	IC S.A.
	<b>Total consumption of purchased energy [MWh]</b>	
Electricity	206,921.56	2,293.42
Heating, including consumption of steam, and cooling	1,133.05	-
<b>Total energy consumption</b>	208,054.61	2,293.42



## GOOD PRACTICE — LOGISTICS CENTRE

The European Logistics and Development Centre in Zakroczym, which has now been operated by ILS for two years, has confirmed its usefulness in the functioning of the Group as a whole. It is the central depot providing goods for the entire Group and, at the same time, it is at the forefront of implementation of advanced logistic solutions. The centre is a unique facility in the automotive industry not only in terms of advanced technologies, but also in terms of the environmentally friendly solutions incorporated in its design. The warehouse, which has a floor area of approximately

52 thousand square metres and is situated on a 15-hectare land plot, is equipped with solutions aimed at minimising its impact on the environment, such as an energy-efficient conveyor control system (the total length of conveyors is 11 kilometres), advanced sorters (compliant with EU standards), an innovative and energy-efficient lighting system, intelligent heat modulation units and a water treatment facility. An optimisation policy with respect to waste management applies to all of the centre's operations and a transition has been made to fully electronic documents.



## GOOD PRACTICE — OFFICE

For the sake of saving time and, money and protecting the environment, we have designed at the Inter Cars Group a network of virtual conference rooms, connecting our locations in Poland and Europe. Any employee wishing to orga-

nise a video conference can do so quickly and easily, while others can join in using any device with access to the Internet and a dedicated application. By opting for video conferences, we can reduce the number of business trips.



## GOOD PRACTICE — BIO SERVICE

Given the legislative changes affecting the market of packaging, in particular disposable plastic bags, Inter Cars S.A. was prompted to introduce some streamlining measures. Not only have we blocked the handing out of free plastic bags to customers, but we have also re-

duced the use of disposable bags in our logistics in favour of reusable packaging. According to our analyses, in 2018 we reduced the number of disposable bags used to 1,003,500, from 3,200,000 in 2017.

05

# CSR strategy implementation Our positive impact on the social environment



"Our CSR and charitable activities are dedicated mainly to children, young people and persons with disabilities. We focus on their intellectual development, while supporting physical activity and sporting passions. The people we support include those struggling financially or having health problems. We believe such people need our support more than others, as it can help them fulfil their dreams, starting from small ones. After all, it is through achieving small dreams that we can fulfil big ones."

— Aleksandra Pawłowska,  
CSR and Management Board Office Manager

## Creating opportunities for young people to prepare for professional occupations in the automotive industry

Being a car mechanic is a job. But at Inter Cars, we believe that it also can and should be a passion. Many people in their youth are interested in cars, in how they work and what powers them. Our Company wants to support and help such people develop their automotive interests.

Since 2011, we have been running the "Young Staff" project. In collaboration with schools from all around Poland and other countries, we support the education of future car mechanics by providing schools with modern car repair and diagnostics equipment, as well as through other initiatives. Our partners in the project include leading manufacturers of spare parts and garage equipment, each providing the schools with training and the necessary teaching aids.

As part of the "Young Staff" project, every year we hold a dozen or so training sessions with young people, organise technical knowledge contests and provide internships and traineeships for outstanding students. Key aspects of the project include ongoing cooperation with the teachers through training, symposia and experience sharing. This ensures that instruction at automotive schools draws on the latest trends and relies on cutting-edge technical knowledge obtained by the schools from the Young Staff project partners — leading suppliers of parts and equipment to the automotive market. Based on these features, the "Young Staff" project has become well known throughout Poland as a platform supporting young people in starting a professional career as a car mechanic.

2018 saw our second Young Car Mechanic International competition for students of secondary technical schools. Its main objective is to promote the profession among young people, share experience and teaching techniques, and find young talent in the field of car mechanics. Entries were made by students from Poland, Lithuania, Latvia, Bulgaria and Estonia. After multi-stage qualifiers, three students from each country advanced to the Grand International Finals. All of them had to perform practical tasks working on real cars and training models.

The range of subjects covered in each round of the competition and in the grand finals included:

- Engine
- Power systems
- Drive unit
- Suspension and vehicle geometry
- Brake system
- Steering system
- Auxiliary systems
- Active and passive safety systems
- Motor vehicle diagnostics

 **PLN 100,000**

The total pool of prizes for the top three winners of the International Young Car Mechanic Finals 2018 was PLN 100,000. In addition, all those who qualified to the finals received invitations to visit the Eling Factory in Stuttgart and the Porsche Museum.

## Promoting growth of local business partners

Even the best car mechanics can become even better at what they do. At Inter Cars, we help garages support their staff in professional development. With this goal in mind, we have created the unique Master Mechanik platform, where garage owners can find a training programme tailored to their needs.

The platform's role is to assist business owners in making an adequate assessment of their mechanics' knowledge and in finding a training programme that best meets their expectations. Employees enrolled for the programme improve their skills while performing absorbing tasks with some elements of gamification.

In addition, the platform features manuals with practical information on car mechanics and repairs, as well as a Technical Help Desk, which mechanics can call for expert advice.



### GOOD PRACTICE

We have also prepared 'Show Car', a unique training opportunity for our garage customers.

Show Cars are three unusual lorries which, somewhat like Transformers, can be converted to become spacious tra-

ining rooms. Having at our disposal these mobile training centres, we are able to reach any region in Poland and a number of places abroad to visit people who are interested in expanding their knowledge of and skills related to motor vehicles.



### GOOD PRACTICE

Not everyone can always afford to go away to participate in a training session or programme. Taking several days off work to participate in a training can be troublesome due to lack of time, difficulty in coordinating various engagements, agreed repairs to be done, etc. For these reasons, some car mechanics and garage managers are forced to miss out on this professional development opportunity. One of the ways to update technical knowledge, acquire new skills or learn about new technologies and garage management ideas is to participate in e-learning courses.

At Inter Cars, we invite all interested mechanics to take part in a special series of

18 training sessions, designed to help them develop the competencies needed to offer the highest quality customer service. The 'Development of Car Mechanics' Professional Customer Service Skills' e-learning course is co-financed from the European Social Fund as part of the ERASMUS PLUS Programme. It has been prepared by our experts from Poland, Lithuania and Latvia. The course addresses in detail a number of the most frequently asked questions, such as those concerning repair of turbochargers and clutches, or relating to lubricants and fluids. It is available in Polish, Lithuanian, Latvian and English.

## Promoting road safety

### Pedestrian safety

Traffic safety is not only about vehicles being in good working order, but also about the safety of pedestrians and cyclists. A pedestrian crossing a poorly marked crosswalk at dusk is visible from a distance of just 30 metres. A person driving a car at the permitted speed of 50 kilometres per hour has only two seconds to react and start braking. Wearing reflectors increases the visibility distance to between 150 and 200 metres. For this reason, we have long supported the nationwide public awareness campaign [Odblaskowi.pl](http://Odblaskowi.pl).

The project saw around a dozen awareness-raising events about the need to wear reflectors organised for children all over the country in 2018. The children could learn about safe traffic behaviour and were given free reflective bands.

As part of the project, Inter Cars also holds the annual 'Zebra in the City' art contest for primary school and pre-school children from all around Poland. Using a technique of their choice, children prepare artwork on traffic safety when returning from school/ kindergarten. All pieces must feature two key motifs: reflective objects and a zebra crossing. The prizes are reflective bands for all children from the winner's school or kindergarten.



### Driver safety

In 2018, the Inter Cars Group partnered the 'First-Aiders on the Road' project designed to promote safe and efficient driving among professional drivers. The project consisted of a series of training sessions, seminars, conferences and industry meetings across Poland, most of them held at selected Motorway Service Areas. From April to November, the ANG Group and its partners, including Inter Cars, actively engaged in educating transport and logistics professionals, chiefly drivers, logistics staff and managers.

Over 300 drivers were trained in administering first medical aid. In just over six months ten courses were held to provide instruction on how to use an AED or get a driver out of a cab using a blanket (the 'anaconda technique'). The participants were also shown a demonstration vehicle equipped with the latest rescue equipment.

Inter Cars experts participating in the 'First-Aiders on the Road' project provided drivers with advice on car safety accessories. Our offer features many products that help drivers stay safe, from tiny wheel stud caps informing the driver a wheel is loose, through advanced cab smoke sensors, fire extinguishers, first aid kits, to ADR boxes and warning flags.



## Our charitable initiatives

In our CSR and charitable activities, we focus primarily on children and young people, their physical and cognitive development, life and health. We also help children and teenagers from underprivileged backgrounds or dealing with any other challenges in their lives.



### In 2018:

#### We helped

to organise the **Mazovia Cup International Wheelchair Rugby Tournament**, held annually in Arena Legionowo. The tournament is the largest and most prestigious sports event of its kind in Poland, also widely recognised abroad. The event is organised by the Four Kings club, and the player jerseys have featured Inter Cars as the main logo for several years now. We are proud of the successes of the rugby team, who have won two golds, three silvers and one bronze in national and international tournaments over past years.

#### We provided support

to the **'School Holiday Computer Programming'** project designed for children in the care of Warsaw's homes and day care centres. With our help, young people completed a school holiday workshop in computer programming and safe use of the Internet.

#### We helped

to organise the **International Sokolik Tournament**, the largest children's league football event in Poland.

#### We co-financed

the **Witold Pilecki Football Tournament** for children born in 2009, held in Warsaw.

#### We financed

a trip for children with cognitive disabilities from the **Special Educational Centre in Peçhe-ry-Lbiska**, organised in connection with the 100th anniversary of Poland's independence.

#### We donated

**PLN 40,000** to a foundation supporting children with diabetes.

#### We co-founded

a **winter holiday camp for children** from disadvantaged families organised by the Congregation of Sisters in Puitusk.

#### Every year, we support

the **Local Communities Committee of the Nowy Dwór Mazowiecki Municipality** raising funds for chronically and terminally ill children. In 2018, we made a donation during the Open Hearts for Sebastian Fundraiser held in Nowy Dwór Mazowiecki.

#### We financially supported

a project to build an **outdoor gym** in the courtyard of the hospital in Dziekanów Leśny, at the Cystic Fibrosis Treatment Centre.



## GOOD PRACTICE — OUR AMBASSADORS

We believe that a unique company needs a unique ambassador. For many years, we have worked with **Bartosz Ostalowski, the world's only drifter with a FIA licence who can drive a car without arms.** Bartosz was 19 when he lost both his arms in a motorbike accident. With some help from Inter Cars and other sponsors, his car underwent certain modifications that allow

him to compete on equal terms with other drifters.

Bartosz Ostalowski has participated in various events, including the **Inter Cars Motor Show**, and has been involved in the image-building campaigns promoting Catalogue Online and the 'Young Car Mechanic' competition.

# 06

CSR strategy implementation

## Inter Cars team



*"The company is like a family. I am proud of where I work. I can put my ideas into practice, develop my area of responsibility and gain satisfaction from working in a great team."*

— *Wojciech Jagodziński,*  
Segment Manager  
Garage Equipment Department

## Inter Cars Group values



Partnership



Entrepreneurship



Passion and commitment

# We offer attractive **working conditions**

Inter Cars would not be what it is without our employees. We are proud of their competences and commitment in everyday work. Eight out of ten of our employees highly rate cooperation among team members and understand the relationship between their jobs and the corporate strategy. An equally high proportion of respondents recognise the high quality of products and services offered to our customers. The survey results demonstrate that our employees are satisfied with their work because they know that their effort has a direct impact on the value delivered to customers.

ab+c

## [103-1][103-2][103-3] MANAGEMENT FRAMEWORK

- personnel policy, Career Map and Payroll Policy,
- An orderly remuneration policy.

Information concerning pay ranges for specific roles is available in the Company's strategic documents and relevant policies.

### [102-8] Information on staff and other workers

Total number of employees by gender	Inter Cars Group			Inter Cars S.A.		
	Female	Male	Total	Female	Male	Total
<b>Open-ended</b> contract	778	1,914	2,692	167	221	388
<b>Fixed-term</b> contract	193	500	693	76	108	184
<b>Total</b>	971	2,414	3,385	243	329	572

Total number of employees by type of employment	Inter Cars Group			Inter Cars S.A.		
	Female	Male	Total	Female	Male	Total
<b>Full-time</b>	900	2,371	3,271	233	314	547
<b>Part-time</b>	71	43	114	10	15	25
<b>Total</b>	971	2,414	3,385	243	329	572

Total number of employees and affiliated personnel by	Inter Cars Group			Inter Cars S.A.		
	Female	Male	Total	Female	Male	Total
Employed under civil-law contracts for specific work ( <i>umowa zlecenia</i> )	77	156	233	30	54	84
Employed under civil-law contracts for a specific task ( <i>umowa o dzieło</i> )	0	4	4	0	0	0
Employed under internship contracts	1	0	1	0	0	0
Self-employed	20	25	45	0	0	0
Supervised employees and/or seasonal workers	1	19	20	0	0	0
Managerial contract	3	2	5	0	0	0
<b>Total</b>	102	206	308	30	54	84



[202-2] At the Inter Cars Group, we assist in the development of local communities. We strive to ensure that most of our senior managers **come from local communities**, with the average for the Group standing at 90%. In some countries all senior roles are held by local people. These include Bosnia, Bulgaria, Croatia, Estonia, Lithuania, Moldova, Romania, Slovakia, Hungary, and Ukraine.



[202-1] The lowest-level employees at the parent and other Group companies are remunerated **in compliance** with applicable local requirements.

**[202-1] Ratio of standard entry level wage by gender compared to local minimum wage**

Subject	The ratio of the lowest pay at individual Group companies to statutory minimum wage	
	Female	Male
Bosnia and Herzegovina	3.32	5.07
Bulgaria	2.29	2.4
Croatia	1.15	1.15
Czech Republic	1.27	1.38
Estonia	1.07	1.4
Lithuania	1.5	1.75
Latvia	1.74	1.74
Moldova	5.11	7.1
Romania	1.48	1.71
Slovakia	1.73	1.73
Slovenia	1.65	1.61
Hungary	1.86	1.86
Italy	1	1
Ukraine	2.42	3.09
Malta	1.34	1.34
Greece	1.97	1.99
IC S.A.	1.24	1.26
LAUBER	1.34	1.08
QST	1.08	1.51
Feber	0	1.46
ICMS	1.19	1.5



We strive to pay our employees **adequate remuneration** that is reviewed annually. Following a rise in statutory minimum wage, our lowest pay to statutory minimum wage ratio fell in **Bosnia and Herzegovina, Romania, Slovakia and Ukraine.**

[102-38] Ratio of the annual total remuneration for the organisation's highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual).



**GOOD PRACTICE**  
— SAFE IN THE WORKPLACE



We have been members of the Safe in the Workplace Alliance since 2017 to better promote safe behaviour both in and outside the workplace. Aided by recognised industry experts and experts of nationwide renown, the Alliance provides professional advice through its website and Facebook page. Every year, it hosts the OHS Human Resources competition under the auspices of the National Labour Inspectorate (PIP), the Office of Technical Inspection (UDT) or universities and prepares reports on topical nationwide issues. In 2018, for instance, its re-

port was devoted to occupational safety among Ukrainian workers. Compiled on the basis of anonymous surveys, it discusses health and safety conditions as seen by workers and formulates recommendations for employers on how to improve on their OHS.

We regularly educate all employees on the applicable standards and procedures. We also present best industry practices that help improve occupational safety. We share our experience with customers, mainly small and medium-sized car servicing and repairing firms. With our customers in mind, we have created a platform for sharing knowledge about safe business practices and we answer their questions on the subject.

# We promote employee development



[103-1][103-2][103-3]

## MANAGEMENT FRAMEWORK

### performance reviews

- All employees of the Inter Cars Group are subject to regular target-based performance reviews [404-3]

### satisfaction survey

- A satisfaction survey among our employees is scheduled for 2019.

### [401-1] New hires and employee turnover

	Total number of new hires by gender	Number of employees	Number of new hires	Percentage of new hires
Inter Cars Group	Female	971	346	35.63
	Male	2,414	928	38.44
	<b>Total</b>	<b>3,385</b>	<b>1,274</b>	<b>37.64</b>
Inter Cars S.A.	Female	243	60	24.69
	Male	329	88	26.74
	<b>Total</b>	<b>572</b>	<b>148</b>	<b>25.87</b>

	Total number of new hires in the reporting period by age	Number of employees	Number of employees by age	Ratio of new hires in the reporting period by age
Inter Cars Group	<30	1,096	623	56.84
	30—50	2,058	592	28.77
	>50	231	59	25.54
	<b>Total</b>	<b>3,385</b>	<b>1,274</b>	<b>37.64</b>
Inter Cars S.A.	<30	212	71	33.49
	30—50	323	75	23.21
	>50	37	2	5.4
	<b>Total</b>	<b>572</b>	<b>148</b>	<b>25.87</b>

	Total number of employee departures by gender	Number of employees	Number of employee departures	Percentage of employee departures
Inter Cars Group	Female	971	242	50.00
	Male	2,414	822	16.67
	<b>Total</b>	<b>3,385</b>	<b>1,064</b>	<b>30.00</b>
Inter Cars S.A.	Female	243	33	14
	Male	329	38	12
	<b>Total</b>	<b>572</b>	<b>71</b>	<b>12</b>



	Total number of employee departures by age	Number of employees	Number of employee departures by age group	Percentage of employee departures
Inter Cars Group	<30	1,096	464	66.67
	30—50	2,058	532	14.29
	>50	231	68	14.29
	<b>Total</b>	<b>3,385</b>	<b>1,064</b>	<b>30.00</b>
Inter Cars S.A.	<30	212	21	10.00
	30—50	323	43	13.00
	>50	37	7	19.00
	<b>Total</b>	<b>572</b>	<b>71</b>	<b>12.00</b>

[404-1] Total number of training hours by gender.	Training hours		
	Female	Male	Total
Total number of training hours	5,404	15,132	20,536
Total number of employees	908	2,230	3,138
Average number of training hours per employee	6	7	6.5

**PLN 1,381,000**

We do our best to keep the staff satisfied while they work for Inter Cars. In 2018, our leading company, i.e. Inter Cars S.A., invested an average of PLN 1,381 thousand in the professional development of each employee (training and language courses). 88% of our employees have said that they have all resources necessary to effectively perform their work, while 63% of them have stated that their line manager supports their professional development.



Training is tailored to an employee's scope of duties and provided on an as-needed basis.



### GOOD PRACTICE — E-LEARNING PLATFORM

Based on best practices in professional advancement combining traditional and online approaches, we have developed our own process approach to coordinating the development of competencies of our employees and management staff. As part of this methodology, we have developed an e-learning platform assigning appropriate training to different development paths, including notification and evaluation of training effectiveness. Another part of the process approach is defining the key output competencies following the on-boarding of sales personnel, repre-

sentatives and management staff, to put together a coherent training programme that combines online courses, induction training on a classroom basis and operational coaching. Further stages of individual development involve blended learning, which combines online and other training methods. An innovative approach is a multi-stage effectiveness assessment based on surveying the satisfaction of trainees, and on a long-term evaluation through sales teams – a concept to evaluate the development of selling skills in terms of actual sales performance.



### GOOD PRACTICE — NEWSLETTER "WHAT'S NEW"

At Inter Cars, we want every employee to identify as closely as possible with our Company. Every month we send to all our staff an interactive bilingual newsletter 'What's new?', in which we present the passions and hobbies of our employees, describe their successes, and inform readers of key events

in the life of Inter Cars. The newsletter contains detailed accounts of the operations of our foreign branches, practical advice on the IT systems in place at Inter Cars, as well as legal and organisational information. We also inform readers of the Company's business performance, job openings and promotions.



### GOOD PRACTICE — NEW HR AND PAYROLL SYSTEM

The spring of 2018 saw the launch of a new HR and payroll system for our employees. The simple and easy-to-use panel allows employees to check on their days off, complete holiday or employee benefits application forms,

fill in evaluation sheets and sign off completion of tasks, check the terms and record of their employment with Inter Cars, and download their RMUA and Personal income tax files.

# Supporting employees' passions

Inter Cars has always been — and will remain — a workplace welcoming people with passion. We are happy to help our employees pursue their non-automotive hobbies.

The Motointegrator Running Team club was established in 2014, and by the end of 2018 its membership rose to 150 Company employees who are regular runners. We motivate and support our runners — their sporting achievements can be tracked via the Endomondo application. Each kilometre covered, either during everyday running routines or official events, is worth one zloty, the funds raised being donated to charitable causes.



In 2018, thanks to the Motointegrator Running Team, we donated **PLN 41,347** to charitable foundations.

**PLN 41,347**

We also extend our support to amateur footballers. In 2018, Inter Cars Polish and foreign companies and its branches competed for the seventh time in a large football tournament for the Inter Cars CEO Cup. The event, held at the Bemowo Football Hall, was streamed live on Facebook. The winner, for the second consecutive time, was the team of our Romanian subsidiary.

We also support cyclists. In 2018, the Inter Cars cycling team was signed up for the European Cycling Challenge competition.



## GOOD PRACTICE — UPRISING RUN

On July 28th 2018, 15 Motointegrator Running Team members completed the 28th Warsaw Uprising Run featuring 5- and 10-kilometre running races held near the Stegny speed skating rink.



## GOOD PRACTICE — ON BIKE TO WORK

In 2018, we invited our employees to join *Activity* — a biking game which encourages the use of a bicycle as a means of transport, particularly when going to work. Commuting to work by bike is not only a healthy choice, but one that helps reduce carbon dioxide emissions.

Participants are given points for distances covered by bike, which can be redeemed for prizes or used to support a good cause. As part of a biking gamification pilot project, we have registered 39 participants willing to join the 'Commuting by bike' initiative.

### Bike to Work Program



Employees take care of their health by cycling. They receive points, especially for routes to/from work.



The mobile application plays games thanks to individual and team rankings.



Employees win prizes, convert points to charity (optional) and save CO<sub>2</sub>.

### Bicycle Challenge 2018 at Inter Cars



**29,250.8 KM IN 2 MONTHS**



**39**

male and female cyclists



**1,858**

rides  
52% of rides to/from work



**11,115**

monthly work of 11,115 trees



**1,717**

hours  
which is 72 days spent on a bicycle



**366**

kilometres — median per person

# Transparency



"We keep improving our corporate governance and compliance functions. Last year for example, we decided to set up an internal audit function."

— Jacek Piotrowiak,  
Head of Corporate Affairs,  
Commercial Proxy, Inter Cars S.A.

## Our management structure

### Management Board

[102-18] Governance structure of the organisation, including committees of the highest supervisory body



**Maciej Oleksowicz**

MANAGEMENT BOARD PRESIDENT  
former Management Board Member



**Krzysztof Soszyński**

MANAGEMENT BOARD DEPUTY PRESIDENT



**Krzysztof Oleksowicz**

MANAGEMENT BOARD MEMBER AND CO-FOUNDER



**Tomáš Kaštil**

MANAGEMENT BOARD MEMBER



**Piotr Zamora**

MANAGEMENT BOARD MEMBER



**Wojciech Twaróg**

MANAGEMENT BOARD MEMBER

## Supervisory Board

Supervisory Board structure and members

<b>Andrzej Oliszewski</b>	SUPERVISORY BOARD CHAIRPERSON
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<b>Tomasz Rusak</b>	SUPERVISORY BOARD MEMBER
---------------------	--------------------------

<b>Piotr Płoszajski</b>	INDEPENDENT SUPERVISORY BOARD MEMBER
-------------------------	--------------------------------------

<b>Michał Marczak</b>	SUPERVISORY BOARD MEMBER
-----------------------	--------------------------

<b>Jacek Klimczak</b>	INDEPENDENT SUPERVISORY BOARD MEMBER
-----------------------	--------------------------------------

## Audit Committee

The Audit Committee was appointed to supervise the financial reporting process, internal control system efficiency, internal audit and risk management, and to monitor financial audits.

The Audit Committee comprises the following Members of Inter Cars S.A. Supervisory Board:

<b>Piotr Płoszajski</b>	COMMITTEE CHAIRPERSON
-------------------------	-----------------------

<b>Jacek Klimczak</b>	COMMITTEE MEMBER
-----------------------	------------------

<b>Andrzej Oliszewski</b>	COMMITTEE MEMBER
---------------------------	------------------

The detailed rights, tasks and rules of the Audit Committee operations are determined by the Rules of the Audit Committee of Inter Cars S.A. Supervisory Board, approved by the Supervisory Board.

# We foster a corporate culture based on ethical values

[102-16] At Inter Cars, we believe that ethical values must be the keystone of every company looking to achieve a long-term competitive advantage and maintain the trust of its employees and customers.



[103-1][103-2][103-3]

## MANAGEMENT FRAMEWORK

The principles adhered to by the Company for decades were formalised in 2017 as the Inter Cars Group **Code of Conduct and Good Market Practices**. The document, publicly available on our website at [investor.intercars.com.pl](http://investor.intercars.com.pl), is a set of principles and values we want to implement in our everyday work across the organisation. The Code must be observed by all employees of each Group company. We also encourage our business partners and especially franchisees to implement the principles set out in the Code at their own companies.

## EMPLOYEES AND AFFILIATED PERSONNEL

The Inter Cars Group Code of Conduct and Good Market Practices guarantees **our employees and affiliated personnel**:

- Decent working conditions and a friendly work environment
- Job stability and security
- Attractive social benefits package
- Work-life balance
- Support in pursuing projects and hobbies
- Work environment free from discrimination, harassment, bullying, interference in private lives and abuse of power
- Compliance with labour laws and international standards and good practices
- Safe workplace

The Code also lays out a framework for our cooperation with customers, business partners, competitors, capital market participants, the media and public administration.

## CUSTOMERS

With the Inter Cars Group Code of Conduct and Good Market Practices, customers are guaranteed:

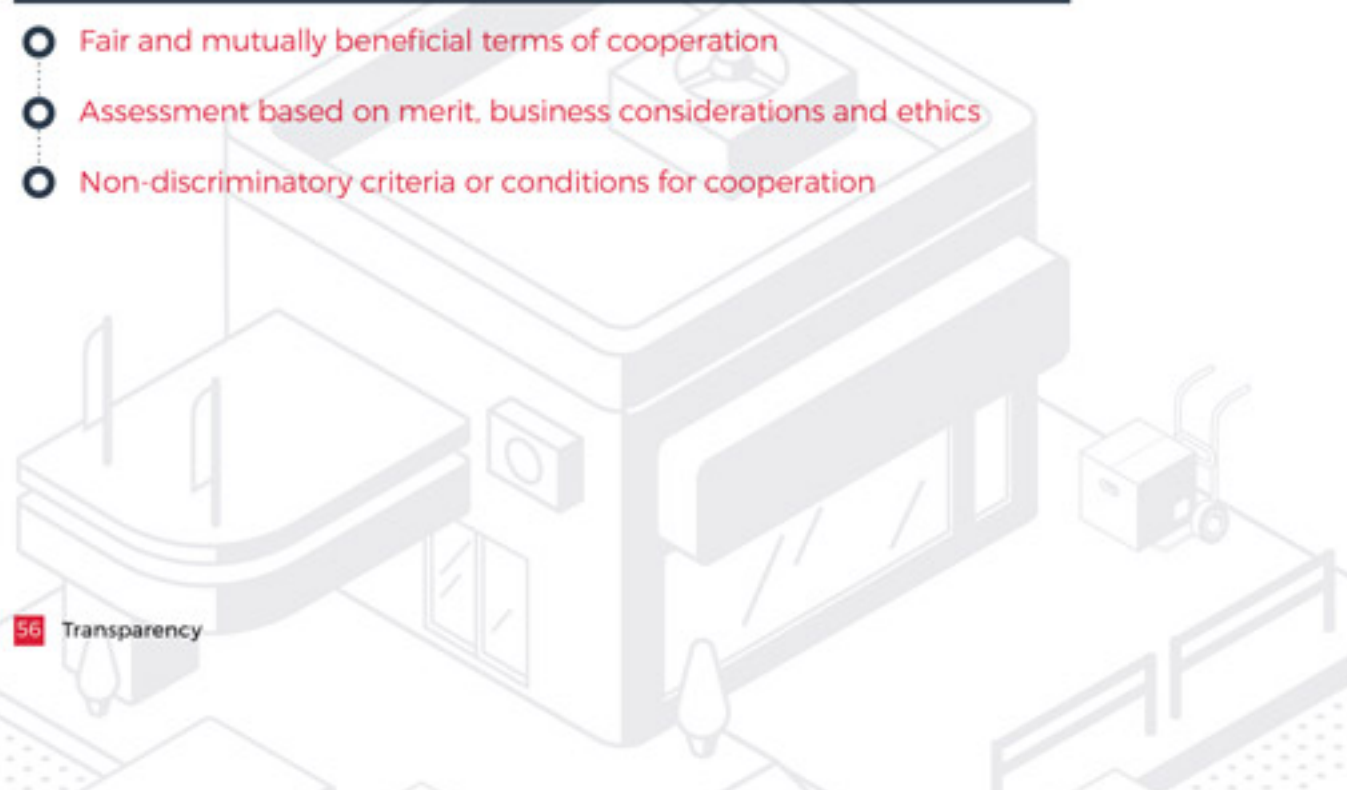
- Products that meet quality and safety standards
- Timely delivery on our commitments
- Equal treatment – we do not apply discriminatory criteria or conditions for access to our goods and services
- Open and transparent communication of our terms of business
- Respect for privacy and personal data protection
- Responsible marketing communication



## BUSINESS PARTNERS

For our business partners, the Code of Conduct and Good Market Practices is a guarantee of:

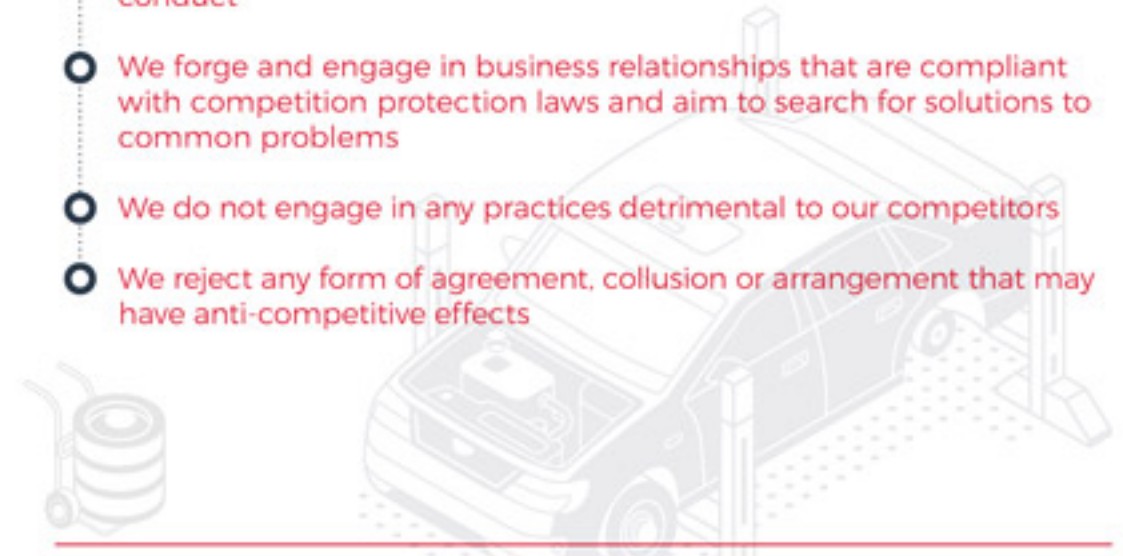
- Fair and mutually beneficial terms of cooperation
- Assessment based on merit, business considerations and ethics
- Non-discriminatory criteria or conditions for cooperation



## COMPETITORS

Our Code of Conduct and Good Market Practices also oblige us to act in a certain way towards our competitors:

- We respect the principles of fair competition and business ethics
- We combat unfair market practices and we condemn unethical conduct
- We forge and engage in business relationships that are compliant with competition protection laws and aim to search for solutions to common problems
- We do not engage in any practices detrimental to our competitors
- We reject any form of agreement, collusion or arrangement that may have anti-competitive effects



The Inter Cars Group strictly adheres to the principles of equal opportunities and equal treatment. We apply reliable and merit-based criteria in evaluating job applicants and employees. We follow clear and fair rules in performance evaluation and promotion. We encourage tolerance and openness. We treat all employees fairly regardless of their gender,

age, race, beliefs, health, trade union membership, length of service, role, physical appearance or sexual orientation. At the same time, we disapprove of voicing extreme views that violate generally accepted social norms, particularly those that violate personal dignity, religious feelings or beliefs.



### GOOD PRACTICE – CONTACT

Any violations, concerns or questions related to the Code can be sent to [compliance@intercars.eu](mailto:compliance@intercars.eu). All persons reporting misconduct in good faith are guaranteed full protection and anonymity.

# We enhance our compliance and risk management systems



[103-1][103-2][103-3]

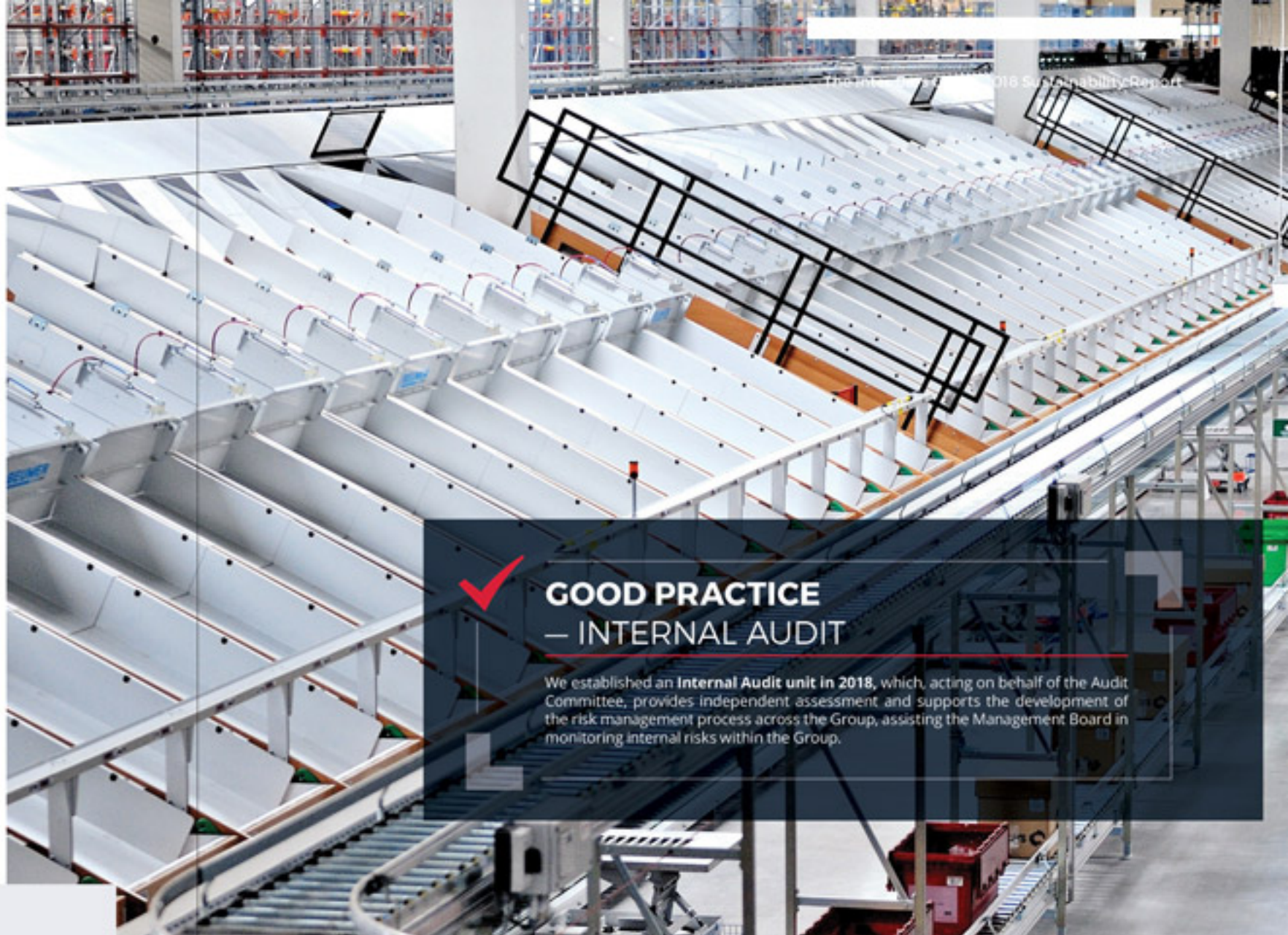
## KEY MANAGEMENT FRAMEWORK

- Inter Cars Group Code of Conduct and Good Market Practices
- Inter Cars Group Malpractice Prevention Policy
- Inter Cars Group Conflicts of Interest Management Policy
- Inter Cars Group Data Confidentiality Policy
- Internal Audit Rules
- Risk map

### [102-11] Risk management

The stable organization growth results from a number of external and internal factors. In every sector of our activity, we try to identify both chances and threats on an ongoing basis, the materialisation of which is likely

to affect continuity of Inter Cars Group operations to a significant degree and the ability to implement the assumed strategic objectives.



## GOOD PRACTICE – INTERNAL AUDIT

We established an **Internal Audit unit in 2018**, which, acting on behalf of the Audit Committee, provides independent assessment and supports the development of the risk management process across the Group, assisting the Management Board in monitoring internal risks within the Group.

### Our financial results are determined by external factors, including:

#### Regulatory

- **Changes in EU regulations concerning the automotive market** pose an important challenge for us and open up opportunities to access a target group of sole customers of vehicle manufacturers in terms of spare parts supply, and also by making technical information of vehicle manufacturers available to independent garages, on an equal basis with the authorised garageswarsztatami
- **Other regulatory aspects** are likely to affect the Group's operations, concerning aspects such as personal information protection, taxes, business ethics, competition protection or capital market regulations

#### Macroeconomic

- **Macroeconomic situation** determines the current and future purchasing power of prospective customers in terms of buying vehicles and incurring the costs of their operation and repairs, based on their business activity level and consequently the level of employment and people's income
- **Macroeconomic situation in the countries where the Group operates** influence the spare parts market value and, consequently, the value of Group sales in those countries

#### Market

- **Loyalty of customers** translating into the number and value of orders
- **Development of independent garages** they are the primary group of our customers facing an important challenge concerning the necessity to adapt to the growing market requirements due to the degree of repair complexity
- **Changes in the structure of demand for spare parts** resulting from changes in vehicle manufacture technology
- **Sales volume** of vehicles and pre-owned vehicle import

#### Internal

- Apart from external factors, we keep observing the level of risk resulting from intra-organizational factors, including:
- **Business risk on the strategic level**
  - **Operating risk**
  - **Financial risk**
  - **Business continuity risk**
  - **Risks related to:** social, employee, natural environment protection, human rights and anti-corruption aspects (referred to as ESG risks)

## Why do we also consider ESG risks in risk management and which of them are important for us?

Non-financial dimension of risk management is highly important as it refers to economic and social factors, as well as those related to the natural environment, considered within the entire value chain.

**Here we present selected ESG risks of key importance for Inter Cars Group and sample mitigating measures:**



Area:  
**workplace and employees**

Observing the labour market and also considering our business objectives, an important risk likely to affect Inter Cars Group activity will be the availability of appropriate personnel and, consequently, recruitment opportunities. This also refers to our business partners and customers. Our priority is to create grounds for promoting entrepreneurship and supporting education, as well as professional qualification development of personnel, responding to the needs of the changing labour market in the sector in which we operate, e.g. by the „Młode Kadry“ initiative or creating attractive working conditions.



Area:  
**products and customer relations**

The changing customers' preferences and regulations exert a significant influence on the core activity of Inter Cars Group — vehicle part sales. Responding to the changing needs, with a versatile product portfolio (e.g. quality, price, regenerated products), the product availability, as well as testing the product quality parameters (for private brand products), we have an indirect influence on increased safety in vehicle traffic, minimising the risks related to the operation of vehicles of a limited fitness for use.



Area:  
**organizational governance and business ethics**

Maintaining transparency and ensuring the highest standards of our business activity are important components of our organizational governance. Through intensive works devoted to implementing the so-called compliance programme, including the Code of Conduct and Good Market Practices of Inter Cars Group, we prevent issues such as the risks related to malpractice, including corruption and bribery or the conflicts of interest.



Area:  
**natural environment protection**

We understand that every business activity affects the natural environment which is why one of our areas of interest is limiting the potential adverse environmental impact in every value chain component while ensuring that we promote the environmentally-related awareness of our customers and business partners. By implementing programmes like BIO SERVICE, monitoring changing regulatory requirements in that area or, eventually improving aspects such as the energy performance of our buildings. We strive to minimise risk occurrence in the given areas.

## About the report

[102-10][102-45][102-46][102-48][102-49][102-50][102-51][102-52][102-54][102-56]  
The Integrated Report of the Inter Cars Group contains data for the period from 1 January 2018 to 31 December 2018. This is the second such report of the Inter Cars Group. Report covers the parent company Inter Cars S.A. and 32 capital companies belonging to the Inter Cars Group.

During reporting period there were no significant changes of the size, structure, ownership, value chain or scope of the report compared to the previous year. No adjustments were made to the information contained in the previous report published in April 2017.

The report was prepared in accordance with the requirements of non-financial reporting under the amended Accounting Act of 29 September 1994 as well as the international reporting standard Global Reporting Initiative (GRI Standards) in Core version. These guidelines provide an important framework to support a unified approach to reporting and foster the highest possible degree of transparency and consistency. As to provide useful and reliable information for markets and society.

In order to prepare the Inter Cars Group's sustainability report and strategy, in 2017 we conducted a survey addressed to the Group's employees as well as three dialogue sessions in which 28 representatives of our key stakeholders - business and social partners, the media, local authorities and institutions - took part.

The topics identified through the survey and the dialogue sessions were verified and clarified during workshops with the management. During those workshops list of 15 final issues, presented in the table on page 15, was created. The materiality assessment is subject to regular (annual) reviews as part of the internal verification process.

# Indeks treści GRI

[102-55]

GRI Standard Number	GRI Standard Title	Page No. / Comment
<b>GRI 102: Profile disclosures 2016</b>		
<b>Organisational profile</b>		
102-1	Name of the organisation	6
102-2	Activities, brands, products and/or services	7-8
102-3	Location of headquarters	6
102-4	Location of operations	5, 22
102-5	Ownership and legal form	6, 16
102-6	Markets served	22-23
102-7	Scale of the organisation	11
102-8	Information on employees and other workers	42-43
102-9	Supply chain	8-9
102-10	Significant changes to the organization's size, structure, ownership, or supply chain,	61
102-11	Explanation of whether and how the organisation applies the precautionary principle or approach	58-60
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	15
102-13	Membership of associations	18
102-14	Statement from senior decision-maker	4
102-16	Values, principles, standards, and norms of behavior	55-57
<b>Governance</b>		
102-18	Governance structure of the organisation, including committees of the highest supervisory body	53-54
<b>Stakeholder engagement</b>		
102-40	A list of stakeholder groups engaged by the reporting organisation	17
102-41	Collective bargaining agreements	In Inter Cars Group no employees were covered by collective bargaining agreements
102-42	Basis for identifying and selecting stakeholders engaged by the organisation	17
102-43	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	18

GRI Standard Number	GRI Standard Title	Page No. / Comment
102-44	Key topics and issues raised by stakeholders and the response from the organisation, including by reporting on them	15
<b>Reporting practice</b>		
102-45	Reporting the entities included in the organisation's consolidated financial statements	61
102-46	An explanation of the process for defining the report content and the topic boundaries	61
102-47	Material topics identified	15
102-48	Restatements of information	61
102-49	Changes in reporting	61
102-50	Reporting period	61
102-51	Date of most recent report	61
102-52	Reporting cycle	61
102-53	Contact point	Aleksandra Pawlowska Management Board Office aleksandra.pawlowska@intercars.eu
102-54	The 'in accordance' option the organisation has chosen (Core or Comprehensive)	61
102-55	GRI content index	61-63
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<b>Management approach</b>		
103-1	Explanation of the material topics and their boundaries	15, 33, 42, 46, 55, 58
103-2	The management approach and its components	15, 33, 42, 46, 55, 58
103-3	Evaluation of the management approach	15, 33, 42, 46, 55, 58
<b>TOPIC-SPECIFIC DISCLOSURES</b>		
<b>Economic disclosures</b>		
<b>GRI 201: Economic performance 2016</b>		
201-1	Direct economic value generated and distributed (including revenues, operating costs, employee remuneration, grants and other community investments, undistributed profits, payments to providers of capital, payments to government)	11



GRI Standard Number	GRI Standard Title	Page No. / Comment
<b>GRI 202: Market presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	43-44
202-2	Proportion of senior management hired from the local community	43
<b>GRI 203: Counteracting corruption 2016</b>		
205-3	Confirmed cases of corruption and action taken	11
<b>GRI 206: Anti-competitive behaviour 2016</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	11
<b>Environmental disclosures</b>		
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organisation, including information of the type of resources	33
<b>GRI 306: Sewage and waste 2016</b>		
306-2	Total weight of waste by type and disposal method	31
<b>Environmental disclosures</b>		
<b>GRI 401: Employment 2016</b>		
401-1	New hires and employee turnover	46-48
<b>GRI 404: Training and education 2016</b>		
404-1	Average hours of training per year per employee	48
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employment category	46
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	11

**Requirements of the Accounting Act related to non-financial data disclosure**

Requirements		Section	Subsection
Business model description	✓	Inter Cars — this is how we operate	We enhance our compliance and risk management systems
Description of managing risks identified as material	✓	Transparency	Zarządzanie ryzykiem
Description of policies, due diligence procedures and results related to the entity operations with respect to employee topics	✓	Inter Cars team	We offer attractive working conditions We promote employee development Supporting employees' passions
Description of policies, due diligence procedures and results related to the entity operations with respect to environment topics	✓	The environment	Remanufacturing of parts Waste management Managing the infrastructure's environmental impact
Description of policies, due diligence procedures and results related to the entity operations with respect to anti-corruption topics	✓	Transparency	We foster a corporate culture based on ethical values
Description of policies, due diligence procedures and results related to the entity operations with respect to human rights topics <i>The human rights are defined by us as: the right to protect privacy, freedom from humiliating practices, right to non-discrimination</i>	✓	Inter Cars team	We offer attractive working conditions
		Transparency	We foster a corporate culture based on ethical values
Description of policies, due diligence procedures and results related to the entity operations with respect to social topics	✓	Our positive impact on the social environment	Creating opportunities for young people Promoting growth of local business partners Promoting road safety Our charitable initiatives



