



The Inter Cars Group 2019 Sustainability

REPORT

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



17 April 2020

Letter of the President of the Management Board

[102-14]

Dear Ladies and Gentlemen,

The year 2019 was abundant in challenges that our organization had to face, both regarding the optimization of its internal processes and the context of the changes that swept through the European automotive market.

Today's economy is based on a system of inter-connections. Any changes, positive or negative, occurring in one of its areas immediately affect all the other ones. A drop in the sales of new cars in Western Europe, especially in Germany, was an indication of an approaching recession, which, due to the Novel Coronavirus epidemic, proved much more severe than anyone could have expected. Growing inflation and operating costs force many business owners to seek savings and make significant investment cuts. We did expect an economic slowdown in 2020 but the reality proved much worse than we had envisioned.

The economy was also significantly impacted by certain political decisions made both domestically and within the EU structures. Their consequences can already be observed in our industry.

The so called 'Mobility Package,' being currently introduced in the EU, contains some regulations that are disadvantageous for carriers from the countries in which we operate, related, among other things, to the drivers' working time, unification of the remuneration rates, and fleet management, and has therefore caused a significant stagnation on the international freight forwarders market, resulting in a drop of sales of truck parts. This negative trend will surely be

reversed in the future but for the time being the sales of utility car parts will most likely decline.

With Europe's biggest range of spare parts for passenger cars and trucks and a unique branch system built on partnership and trust, Inter Cars S.A. and its branch owners are ready to face all market challenges and continue to provide their customers with top-level services.

In 2019, we completed the second stage of extension of the ILS Logistics and Development Centre in Zakroczym. This investment will yield additional 20,000 m² of storage space, thus increasing the total area of the centre to over 60,000 m². This will help us to develop the sales of mass products such as tires, batteries or oils. As a result of extending the storage space, we were able to implement optimization processes related to the proper distribution of goods in the branches. This way we increased their availability to the key customers, i.e. garages.

In view of the changing customers' expectations and markets, the extension of our infrastructure gave us significantly bigger possibilities of e-commerce development, not only in Poland, but also in those countries where we don't have the so-called on-the-ground sales network, i.e. branches.

The comfort and convenience of our customers are our priority. Therefore, we make significant investments in the development of our electronic tools necessary to effectively run a business consisting of selling and installing spare parts. We made further steps towards the standardization of one of our flagship B2B products - the ICC electronic catalogue of spare parts for our



customers. The solutions applied in it and its new and unique functions make it even more friendly to users and significantly accelerate the process of selecting and ordering spare parts needed for car repairs. In most countries in which we sell products through our branches, customers are already using this new solution. In Poland, customers get to use a mobile version of the new catalogue, which gives them more flexibility in searching for and ordering parts.

As regards our overseas activities, it is worth to mention Serbia, which joined the European family of Inter Cars this year, as a result of which our branches are present in most parts of the country.

We also continue to endeavour to be a modern and innovative company caring for the environment. As we want our customers to follow us, we offer them special programs to help them achieve this goal. One of them is Bio Service, a successful project, through which for many years, together with garages, we have been protecting the environment. The programme not only boost the environment protection activities but also helps our customers earn an additional income from returns of worn parts.

While investing in the future, we do not forget about our common history. In 2020, Inter Cars will be cel-

brating its 30th anniversary under the motto: "Thanks to You and for You." This way we want to stress that the company owes its present status to our customers and that everything we do, we do it for them.

Our development strategy is integrated with our corporate responsibility (CR) strategy implemented in the Inter Cars Capital Group in 2017. The strategy was described in detail in our previous reports. This year's edition is focused on Inter Cars's core values. In 2019, we redefined our fundamental values, i.e. fairness, credibility, loyalty, courage, respect, modesty, support, leadership by example and sincerity. We believe that these guidelines will help us achieve our goals more easily.

One of the fundamental values that I follow both in my private life and in business is sincerity. To me, sincerity means telling the truth, which is essential in building interpersonal relations. Cooperation without truth and sincere evaluation of one's actions and errors is impossible. Without it, we wouldn't have been able to build the company together and to develop. Without sincerity and truth there is no trust, which is fundamental to concerted action and success, which I wish for all of you to achieve.

Respectfully yours,

Maciej Oleksowicz
President of the Management Board
of Inter Cars SA

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01

Inter Cars - 30 years of partnership

Inter Cars was established in 1990. Its founders - Krzysztof Oleksowicz, Piotr Oleksowicz and Andrzej Oliszewski - have set ambitious goals from the very beginning. They didn't expect that their company would grow to be a key player on the European market. Initially, their vision was for the company to become a leader on the domestic spare parts distribution market. Their success was founded on what became the original Inter Cars values. Passion, Commitment, Partnership and Entrepreneurship became the guidelines for all our employees and associates in the many years to come.

We became the Polish market leader in just 6 years. We managed to get ahead of the biggest Polish firms, among other things, by continuously extending our offer of car parts and tightening our relationship with our stakeholders.

Initially, our company operated on a total area of just 300 m². The next milestone was the opening of a 6.400 warehouse in Heroldów street in Warsaw. Encouraged by the prospects of Poland joining the European Union.

In 2000, in Cząstków Mazowiecki near Warsaw, we built what was then one of the most modern logistic centres in our business sector. The 17.000 m² centre became also home to the company's head office. A natural consequence of Inter Cars's continuous growth was its expansion to the overseas markets: we opened our first branch in the Ukraine.

On 26 May 2004, the Company went public on the Warsaw Stock Exchange.

"Respect is a value of vital importance not only to the company, but also to each of us in our everyday lives. It takes a lot of time and effort to build and can be lost in an instant to wrong actions. We encourage everyone to cherish respect, as it is key in strengthening relationships between people irrespective of their position in the company, education or material status. We show respect to others by showing them what kind of people we are ourselves. Therefore, you should start from yourself, as only if you respect yourself will you respect others and be trusted and respected by them."



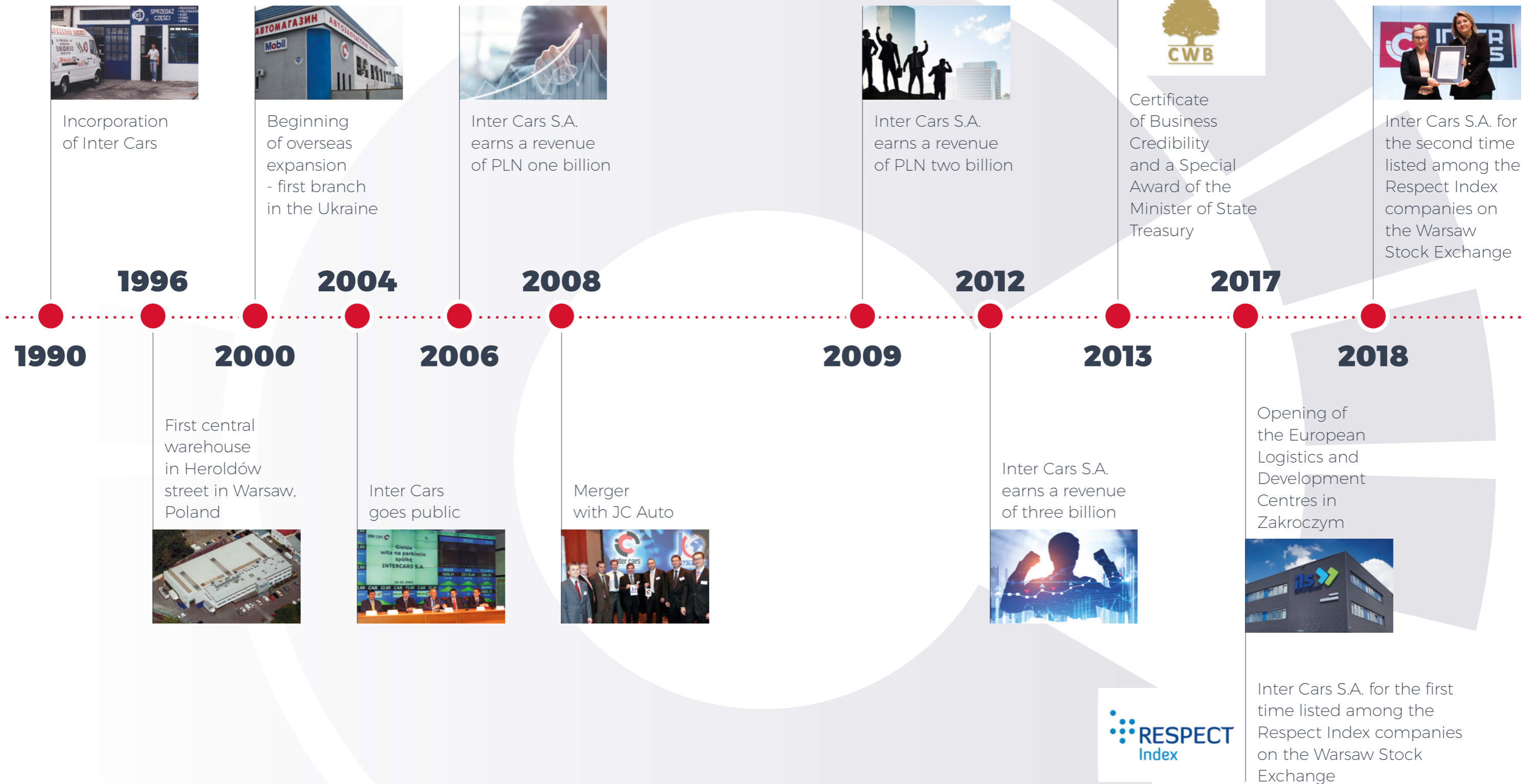
Krzysztof Soszyński,
Vice-President of the Management Board of Inter Cars S.A.

On 13 July 2007, Inter Cars S.A. and JC Auto S.A. announced their intention to merge, which they did in 2008, thus forming a company offering spare parts for cars of all brands as a result of which the position of Inter Cars S.A. on the European automotive market was significantly strengthened.

In 2017, Inter Cars completed its biggest investment to date, namely the construction of the ILS European Logistics and Development Centre. The facility was officially opened on 31 May that year. Using the latest, state-of-the art sorter, we are able to handle up to 500 thousand packages in 24 hours.

The main shareholder of our company has proudly stressed that Inter Cars S.A. owes its success not only to Poles, but also to people from the Czech Republic, Slovakia, Lithuania, Ukraine and other countries. **Our values have evolved together with our company. Currently, we follow 9 of them.** We are proud of the fact that each of us is committed to helping us attain our latest goal, namely becoming the leading car spare parts distributor in Europe. We operate in 19 European countries, including the Czech Republic, Slovakia, Bulgaria, Ukraine, Latvia, Croatia, Italy, Romania and Hungary. We have a total of 500 branches in Europe.

Milestones



Business segment characteristics and the market context

The automotive business is one of the most important segments of the domestic and all-European economy. Importantly, 60% of its value comes from the manufacture of automotive spare parts and accessories. In conducting its business Inter Cars S.A. focuses on providing garages with a quick, convenient and safe access to the components they need to operate.

The automotive parts market is comprised of two basic segments:

- the original equipment manufacturer segment
- the aftermarket segment.

The aftermarket segment is comprised of the segment of parts sold by car manufacturers under their own brands through a chain of their own and authorized points of sale (local distribution centres, authorized garages) and

the independent segment, comprised of distribution channels independent of car manufacturers (wholesalers, stores, independent garages, car centres, etc.).

R&D centres of independent manufacturers create innovative solutions and technologies for the automotive market. Automotive parts manufacturers are also suppliers of parts for car manufacturers and independent distribution chains. 80% of the parts produced for the original assembly come from independent manufacturers, while only 20% are produced by car manufacturers, mainly structural elements of cars. Most of the parts offered by car manufacturers through authorized garages come from independent manufacturers and are only sold under the car manufacturers' brands. In reality, though, their quality is the same as that of the so-called aftermarket parts offered by independent garages.

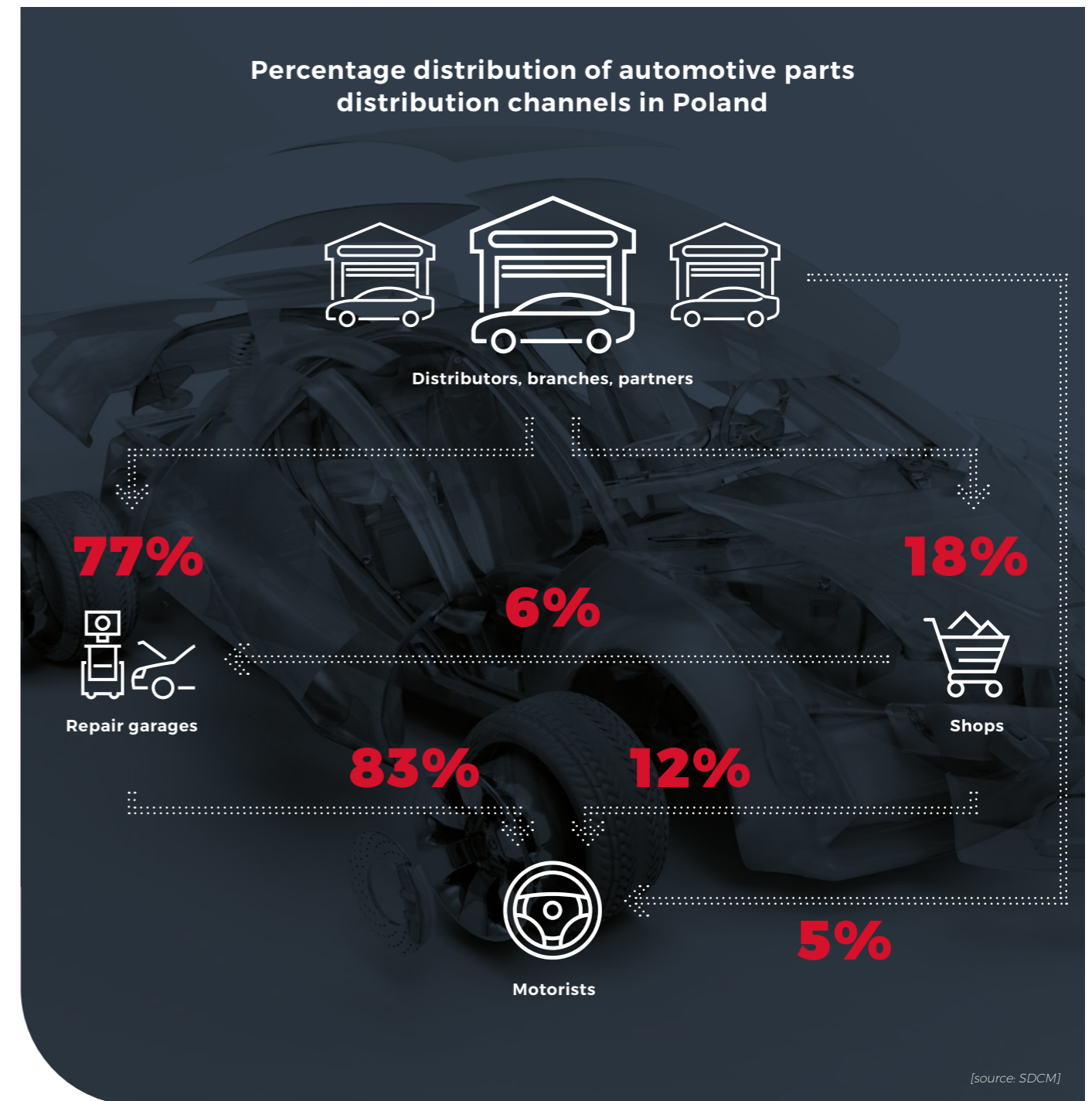
80%
independent
distribution chain



20%
car
manufacturers

[source: SDCM]

The end customer can get their parts from three sources: directly from a distributor, through a store or a garage. The structure of the domestic sales by customer is presented in the following diagram (these are only estimates given the customer variety).



Inter Cars offers new and reconditioned parts, mainly to all garaged independent from car manufacturers, **accounting for approximately 92% of the total number of garages in Poland⁽¹⁾**.

(1) [source: SDCM]

Inter Cars - who we are?

[102-1, 102-2, 102-3, 102-4, 102-5, 102-6]

Inter Cars is the leader of the automotive market in Poland and Central and Eastern Europe. Inter Cars accounts for **2.0%** of the European market, estimated to be worth **EUR 96 billion**, and is the second biggest car parts distributor in Europe and eight in the world.

2nd PLACE

INTER CARS
biggest car parts distributor in Europe

8th PLACE

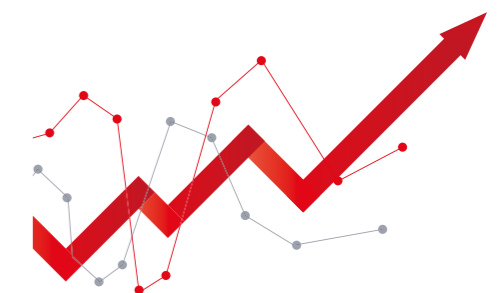
INTER CARS
biggest car parts distributor in the world



Inter Cars is an international group of **32 capital companies, including 18 distribution companies²**.



The holding company of the group is Inter Cars S.A., **which sells vehicle parts.**



Its head office is located in Czosnów. **Since 2004, the company has been listed on the Warsaw Stock Exchange.**

Other than Inter Cars S.A. and its foreign distribution companies, the Inter Cars Capital Group is comprised of, among other things:



A company providing comprehensive logistics services related to the storage and handling of goods for the Inter Cars group and external companies.



Vehicle manufacturing plant Feber Sp. z o.o. was established in 2004. The company sells tipper semi-trailers with a capacity ranging from 24 to 76 m³; semi-trailers for carrying scrap, featuring the Heitling system, a moving floor and low chassis, as well as container trailers. All vehicles are built using state-of-the-art technologies and parts from the leading global manufacturers. Feber is the only Polish representative of Legras – a recognized manufacturer of specialist semi-trailers. The company holds an e9 certificate and offers a 24-month guarantee, which is a confirmation of the top-quality of products it offers. It also runs a car rental and specializes in damage repairs.



Specializes in reconditioning of spare parts intended for customers seeking to avoid buying an expensive new part and having to scrap an old one. The quality of reconditioned parts is equal to that of brand-new ones.



Runs a specialist garage handling mainly maintenance and repair of utility vehicles: trucks, trailers, semi-trailers and buses. The company is an authorized dealer of the Isuzu brand, running its own showroom and garage; it is also authorized to repair ZF gearboxes. Since 2019, Q-Service Truck has also been responsible for the distribution and extension of the Ford Trucks dealership chain in Poland.

Inter Cars Marketing Services

An entity formed to integrate all communication and image-related activities of the Inter Cars Capital Group for the best effectiveness.

(2) 29 direct subsidiaries, 2 indirect subsidiaries, shares in one affiliated company.

Key financial and non-financial indicators regarding the Group's activity in 2019³.

[102-7, 201-1]

| Financial capital ⁴ | 2018 | 2019 |
|---|-------------------|-------------------|
| Equity market value | 2,961,133,000 PLN | 2,904,461,000 PLN |
| Revenues ⁵ | | |
| Net sales revenue | 7,943,253,000 PLN | 8,764,261,000 PLN |
| Other operating revenue | 47,290,000 PLN | 53,566,000 PLN |
| Financial revenue | 2,385,000 PLN | 12,916,000 PLN |
| Expenses ⁶ | | |
| Operating activity expenses | 7,625,124,000 PLN | 8,405,325,000 PLN |
| Other operating expenses | 52,037,000 PLN | 80,559,000 PLN |
| Financial expenses | 43,685,000 PLN | 66,595,000 PLN |
| Other ⁷ | | |
| Payroll and benefits | 297,987,000 PLN | 330,980,000 PLN |
| Payments to investors | 10,059,000 PLN | 10,059,000 PLN |
| Payments to the state | 133,874,000 PLN | 949,995,000 PLN |
| Community investments | 3,924,000 PLN | 850,000 PLN |
| Human capital ⁸ | | |
| Number of employees | 3,391 | 3,412 |
| Corporate governance | | |
| 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 |

(3) Detailed financial data is available in the Group's Annual Report.

(4) For 2018: data for day 31/12/2018. For 2019: data for day 31/12/2019

(5) For 2018: data for period from 01/01/2018 to 31/12/2018. For 2019: data for period from 01/01/2019 to 31/12/2019

(6) For 2018: data for period from 01/01/2018 to 31/12/2018. For 2019: data for period from 01/01/2019 to 31/12/2019

(7) For 2018: data for period from 01/01/2018 to 31/12/2018. For 2019: data for period from 01/01/2019 to 31/12/2019

(8) For 2018: data for day 31/12/2018. For 2019: data for day 31/12/2019

Awards and achievements

In 2019, Inter Cars was awarded by many prestigious institutions and business magazines. The following are selected awards won by the company in Poland, presented in alphabetical order.



Poland's Ambassadors according to Wprost

A list 200 biggest companies prepared by the Wprost magazine. In 2019, Inter Cars ranked 35 on the list.

List of 200 biggest polish companies

The Wprost Magazine list of 200 biggest polish companies. The list was compiled based on last year's revenues, profits, assets and capitals. It presents both companies listed on the Warsaw Stock Exchange and other entities.

IC S.A. was ranked 23 - 2 points up compared to 2018.

Forbes 100 biggest companies with Polish capital

The list of 100 Polish companies according to Forbes is based on the market value of both listed and not listed companies.

Unlike other rankings published by Polish media, Forbes does not rank companies according to their sales value but according to the so-called *Enterprise Value*.

Inter Cars S.A. ranked 12th on the list; it is the second year in a row when an automotive company scored such a good result.

Forbes The biggest Polish export companies according to Forbes

In 2019, Inter Cars S.A. ranked 19th on the list. Inter Cars S.A. is the third biggest Polish exporter.

GAZETA FINANSOWA 1000 biggest companies in Poland ranking

The 1000 biggest companies in Poland ranking is published by Gazeta Finansowa [The Financial Gazette]. It presents the biggest companies operating in Poland, classified in terms of their revenues.

Inter Cars S.A. ranked 12th on the list - six point up compared to 2018.

GPW Transparent company of the year

The Institute of Accountancy and Taxes and the Warsaw Stock Exchange Paper 'Parkiet' announced the third ranking addressed to companies from the Warsaw Stock Exchange 20, 40 and 80 indexes. The ranking was carried out based on a survey covering the following areas: financial reporting, investor relations and corporate governance.

Inter Cars was awarded the title of a mWIG40 Transparent Company of the Year having scored 30.75 points out of a total of 34 points.

orły wprost Polish Economy Eagles

Inter Cars S.A. was presented with the 'Wprost Magazine Eagle' award granted to companies and persons who have had a significant impact on the regional and national economy.



The Inter Cars Capital Group is one of the **market leaders in Europe and the biggest spare parts distributor in Central and Eastern Europe.** A leader in its business sector, operating on a highly fragmented market with high service quality requirements, it is responsible for the products it delivers daily to thousands of garages across the continent. Each of the one million plus parts sold by us must guarantee safety following its installation in a vehicle.

We cooperate closely with independent parts manufacturers who design and supply their products for production and repair of vehicles to offer a wide range of goods.

We do not and will not sell products which raise our doubts as to their suitability for this purpose. We realize the differences in the amount of money individual people can afford to spend on the repair of their vehicles. This is why we offer both products by renowned suppliers, used to produce cars, as well as their substitutes from lesser known manufacturers.

The products we offer are verified in terms of quality by **an independent laboratory - Intermeko Europe sp. z o.o.**

Care for the environment is a very important part of our strategy. We do realize that greenhouse gas emissions and energy consumption have a tremendous impact on the environment. We try to minimize it through different



activities. For example, we sell reconditioned parts supplied by **Lauber** - one of our subsidiaries. You will find more information on this in the section devoted to the environmental impact management.

A VALUE PROPOSITION FOR CUSTOMERS

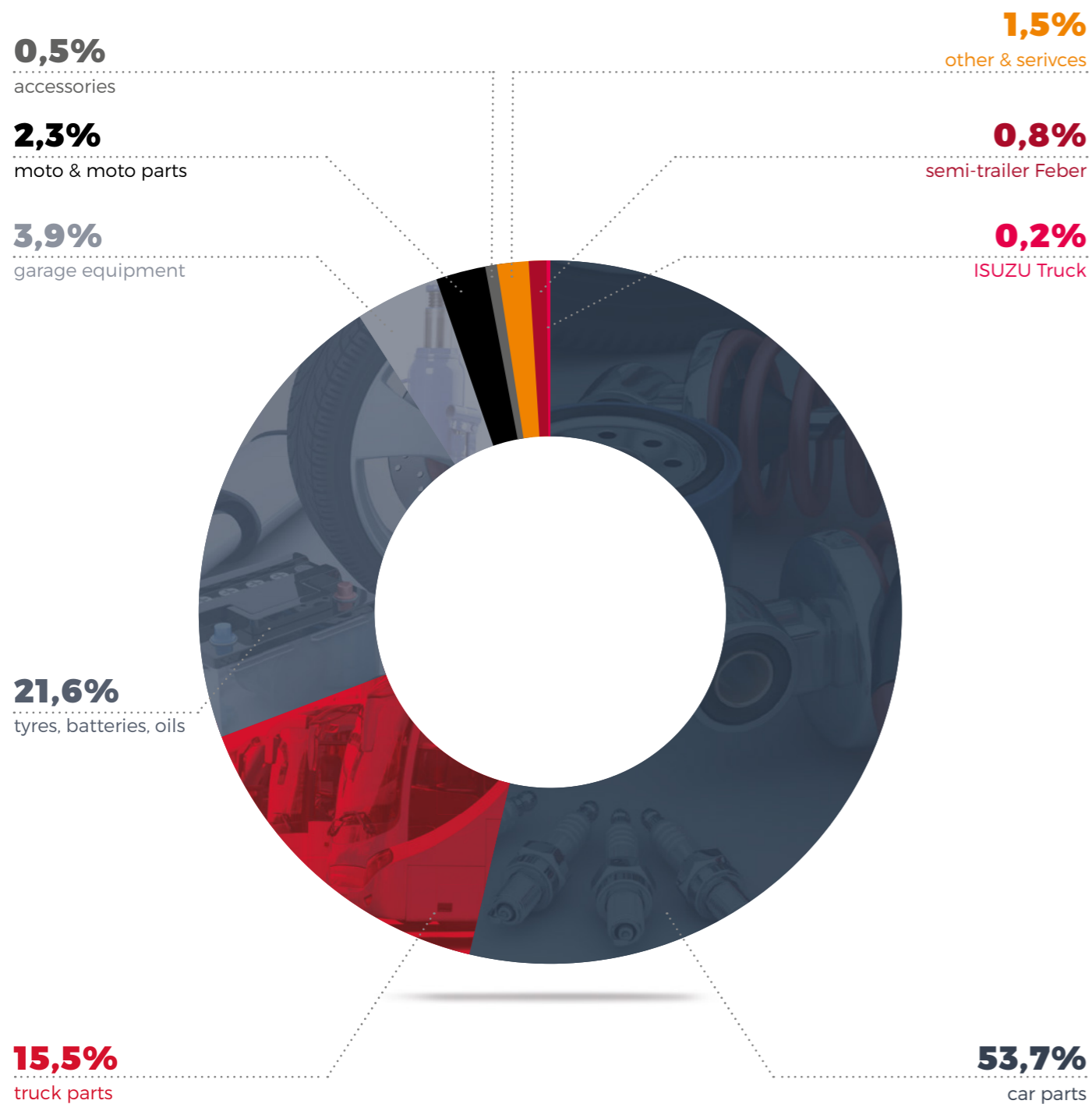
| | |
|---|--|
| INNOVATION | Building competitive advantages based on innovation. |
| „ONE STOP SHOP” MODEL | The 'One Stop Shop' model i.e. 'everything under one roof.' This relates not only to the continuous extension of our products base but also to the development of our partnership programmes constituting a significant added value to the key customers. In addition to selling parts and car fixtures, we also provide garages with the necessary tools and equipment. As part of our post-sale activities, we organize trainings and offer comprehensive services to help garages function properly. Inter Cars S.A. offers its customers financial support regarding investments as well as provides customers through fleet programmes and the Motointegrator browser. |
| MOTOINTEGRATOR | Motointegrator is a unique website joining drivers and garages together. This platform makes it easier for garages to get their offer through to customers and is also an ecosystem for drivers. |
| Q SERVICE CASTROL AND Q-SERVICE TRUCK SERVICE CHAINS | Q-Service Castrol and Q-Service Truck service chains - the former is dedicated to the passenger cars market, the latter to utility vehicles. Both brands are leaders of their business segments, significantly benefiting the garages operating within their respective structures. |

VALUE PROPOSITION FOR INVESTORS

| | |
|------------------------------|---|
| LEADER | We are the biggest listed distributor of spare parts in Europe in terms of sales. We operate in 171 countries and our 20% market share makes us an undisputed leader in Poland. |
| GROWING SECTOR | We operate in a dynamic and steady growing business sector showing positive, long-term trends. |
| UNIQUE BUSINESS MODEL | We have a unique business and distribution model in place based on efficient interconnections allowing for the so called last-mile deliveries. |
| FINANCIAL STABILITY | We enjoy a financial stability with positive future prospects - continuous growth of sales through increasing the market share. |
| STAFF | We have a committed and experienced staff. |

PRODUCTS

Sales revenues by basic market segments (%)



How we reach our goals?



Unique organisational culture

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



Business openness

- 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

Value chain



[102-9]

In the distribution sector the supply chain is undoubtedly the most critical part of a company's operations. At Inter Cars we believe that our competitive advantage results from our special system of receipt, storage and distribution of car parts. We continue our efforts to improve, accelerate and simplify all procedures to ensure that our customers - producers and garages - can always rely on our services.



The Inter Cars Group value chain includes all links - from the manufacturer to garages to handling business customers (fleets) and individual customers directed to garages by the Motointegrator platform.

Table. The Inter Cars Group value chain

| Stages of the value chain | Further details | How it works at Inter Cars |
|---|--|--|
|  <p>Procurement</p> | <ul style="list-style-type: none"> Product suppliers – external manufacturers of car parts Service providers and suppliers of garage equipment | <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> |
|  <p>Production</p> | <ul style="list-style-type: none"> Trailers and semi-trailers manufactured by a Group company | <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

Further details

How it works at Inter Cars



Warehousing and logistics

- Collection of goods from the manufacturing plant or supplier's warehouse
- Transport to the Inter Cars central warehouse
- Inter-warehouse transfers to branch warehouses
- Order processing and delivery

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 60 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.

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.

Significant warehousing functions are also performed by a facility in Komorniki, which additionally handles the German e-commerce market, and a warehouse in Czosnów, which is the distribution centre for car body and motorcycle parts.

The total area of our central warehouses in Poland is more than 160 thousand square metres, compared with nearly 50 thousand square meters in other countries of Central and Eastern Europe.



Distribution and sale

- Distribution and sale
 - Garages
 - Shops
 - Other business customers
- Franchised branches
- Garage chains

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.

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.



Our customer groups

- Private individuals – motorists
- Fleet management companies

Motointegrator as a unique platform linking motorists with car servicers and repairers, where users can also read other customers' reviews of garage services.

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.



Product regeneration for a new lifecycle

- Private individuals
- Garages
- Auto parts retailers

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.

Remanufacturing of parts benefits the environment and generates savings for consumers in buying parts or repairing their vehicles.

02



Value-based organization

We build our corporate culture based on values and ethical approach to business. Inter Cars was born out of passion for cars. Since the very beginning of its existence, it has been based on one of its strongest foundations - the human capital. We believe that building an organization based on values allows to build a competitive advantage as well as earn and keep the trust of employees and customers.

New corporate values

[102-16]



Justice



Loyalty



Courage



Support



Modesty



Leadership



Sincerity



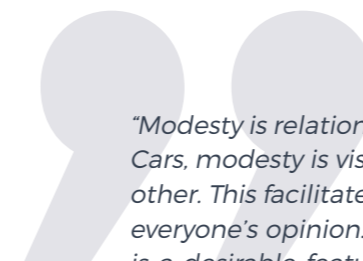
Respect



Credibility

The values mentioned in the report are not just a set of random slogans. **They are carefully thought out assumptions aimed** to be a kind of a guide for employees of the Inter Cars Capital Group, especially the managers and the persons responsible for managing teams.

These values were established during workshops attended by the members of the Management Board. It was a process during which they debated over the management styles that in their opinion best suit the vision of Inter Cars S.A. **Each of them had the opportunity to openly present their views on the functioning of the organization and on its image.**



"Modesty is relations. Relations between employees and their superiors. At Inter Cars, modesty is visible at first glance - we are all on first name terms with each other. This facilitates cooperation. Modesty is also attention. Paying attention to everyone's opinion. Anyone can be right, irrespective of their position. Modesty is a desirable feature conducive to a dignified life based on trust, which ultimately leads to partnership. And trust is the foundation on which Inter Cars has been built."



Krzysztof Oleksowicz,
The founder of Inter Cars S.A.

Our management structure

Management Board

[102-18] Structure and members of the Management Board



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



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



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



Tomáš Kaštil
Member of the Management Board of Inter Cars S.A.



Piotr Zamora
Member of the Management Board of Inter Cars S.A.



Krzysztof Oleksowicz
Member of the Management Board of Inter Cars S.A., Founder of Inter Cars SA
(resigned as a member of the Management Board as of 1 January 2020)

Supervisory Board

Structure and members of Supervisory Board



Andrzej Oliszewski

Chairman of the Supervisory Board

Tomasz Rusak

Member of the Supervisory Board

Piotr Płoszajski

Independent Member of the Supervisory Board

Jacek Klimczak

Independent Member of the Supervisory Board

Jacek Podgórski

Independent Member of the Supervisory Board

Radosław Kudła

Independent Member of the Supervisory Board

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:

Piotr Płoszajski

Committee Chairman

Jacek Klimczak

Committee Member

Andrzej Oliszewski

Committee Member

Jacek Podgórski

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.

Management framework

[102-16]

The principles adhered to by the Company for decades have also been formalised as the **Inter Cars Group Code of Conduct and Good Market Practices**. The document, publicly available on our website as inwestor.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 across the entire Capital Group. 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 CUSTOMERS

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 project 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.

In addition, the Code sets out the rules for cooperation **with our customers, business partners, competitors, capital market companies, media and public administration.**

With the Inter Cars Group Code of Conduct and Good Market Practices, customer 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.

"Leadership through example is a very good topic, especially for managers." It is about pointing in the direction which the company should follow. It is also about motivating people to reach higher and higher, i.e. to be ambitious. Teams should be built in such a way as to encourage people to support each other in getting to the top and in being able to celebrate their success together. It is the role of the leader to create the right atmosphere within an organization, take responsibility and share their success with their colleagues."



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

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.

We strictly adhere to the principles of equal opportunity and treatment

across the entire Inter Cars Capital Group. We evaluate our applicants and employees fairly and based on their merits.

We apply clear and fair criteria of evaluation and promotion. We encourage tolerance and openness. We treat everyone equally irrespective of their sex, age, race, opinion, health, trade union membership, job tenure, position, appearance or sexual orientation. We object to extreme views inconsistent with the commonly accepted social norms, in particular those that undermine personal dignity, religion or belief.

COMPETITORS

Our Code of Conduct and Good Market Practices sets out the guidelines for the treatment of our competitors:

- we follow the fair competition and business ethics principles,
- we fight any hint of unfair business practice and condemn unethical business conduct,
- we initiate and engage in legal cooperation aimed and seeking solutions to common issues,
- we do not engage in any practices that may be harmful for our competitors,
- we reject any anticompetitive agreements, collusions and arrangements.



Risk management and Compliance

[102-11]

KEY MANAGEMENT FRAMEWORK

- | Inter Cars S.A. Capital Group Code of Conduct and Good Business Practice
- | Inter Cars S.A. Capital Group Malpractice Prevention Policy
- | Inter Cars S.A. Capital Group Conflict of Interest Policy
- | Inter Cars S.A. Capital Group Confidentiality Policy
- | Internal Audit Rules
- | Risk Map

How the organization applies the prudence principle from the point of view of ESG

The stable growth of our organization results from a number of external and internal factors. In every sector of our activity, we try to continuously identify both opportunities and threats, which, if materialised, may significantly affect the continuity of operation of the Inter Cars Group and its ability to follow its strategic goals.

Our financial results are determined by external factors, including:

Regulatory:

- | **Changes in the EU regulations concerning the automotive market** pose an important challenge for us and open up opportunities to access a target group of customers of vehicle manufacturers in terms of spare parts supply, and also by making the technical information of vehicle manufacturers available to independent garages, on an equal basis with authorised garages.
- | **Other regulatory aspects** are likely to affect the Group's operations, e.g. concerning environment protection and climate change, personal data, 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** influences the spare parts market value and, consequently, the Group's sales in those countries.

Market

- | **Customer loyalty**, which translates directly into the number and value of orders.
- | **Development of independent garages** - they constitute the basic group of our customers, who have to face big challenges related to the necessity to adapt to the growing market demands resulting from increasingly complicated repairs.
- | **Changes in the spare parts demand structure** resulting from changes in the car production technologies.
- | **Sales volumes** regarding cars and imports of used cars.

Internal

- Apart from external factors, we have been observing the level of the risk resulting from internal factors, including:
- | **Strategic business risk,**
 - | **Operational risk,**
 - | **Financial risk,**
 - | **Loss of business continuity risk,**
 - | **Risks related to social, employment, environment protection, human rights and corruption issues** (referred to as ESG).



"The notion of courage is well known to everyone; however, it can be understood differently. Our value is about telling the truth, about the courage to admit to errors, about being able to take risky decisions and face potential consequences."



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



INTERNAL AUDIT

In 2019, we continued the good internal practice implemented the year before. Acting on behalf of the Audit Committee, the Internal Audit department independently evaluates and strengthens the process of risk management across the entire Capital Group and, consequently, supports the Management Board in monitoring the internal risks in the Group.

In 2019, the Internal Audit Department was focused on the Goods Purchasing and Warehouse Management processes, being the most critical ones from the point of view of the Group's activity and key 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.

We continue to seek new business opportunities

When we started our operations three decades ago, we focused mainly on the sale of car parts. Our offer became broader as we developed, and came to include services, trainings and garage chains associating the best garages nationwide. We would like to present in more detail some of our activities addressed to different groups of stakeholders.



Passenger cars segment

Rent a Car - A car always at hand

Leaving a car in a garage for repairs is always causes certain inconvenience to the driver. The more complicated the repair, the more inconvenience it causes. Everyday duties suddenly become true challenges and significantly affect the standard of a driver's life.

To meet the customers' expectations, since 2016, we have been building the *Car for Garage* programme. This initiative allows garages cooperating with Inter Cars S.A. to lease cars on very attractive terms to be used as substitute cars.

In 2019, a total of 1450 cars were delivered to garages across Poland.

Garages rent them out to their customers on attractive terms, but they can also offer them as a standard car rental service to customers who don't leave their cars with them for a repair. Our experience clearly shows that the car rental service offered by garages is perceived by customers as a great competitive advantage. Therefore, we plan to develop this programme.

As part of the *Car for Garage* programme, the garages cooperating with Inter Cars S.A. get to lease new and mostly immediately available cars on very attractive terms and based on simplified procedures.

BENEFITS FOR GARAGES:

- new substitute cars for garage customers,
- improvement of the customer service standards,
- possibility to acquire customers by offering substitute cars,
- possibility of earning an additional revenue from renting cars,
- possibility to develop the car rental service as a separate business.

Since its launch in 2016, the *Car for Garage* programme has enjoyed great popularity among garages and is perceived as a tool for gaining a competitive advantage over local competitors.

Car garage chain

Q SERVICE



Q Service Castrol is a joint venture between Q Service, the biggest independent garage chain in Poland, and Castrol, a global leader in the manufacture of lubricants.

43% of garage owners want to join our chain their number is going to increase in the years to come. The garages that have joined the chain are satisfied with their membership in this type of organization. This way, they can focus on their job, i.e. repairing cars, while we provide them with tools that help them develop and reach the end-customer.

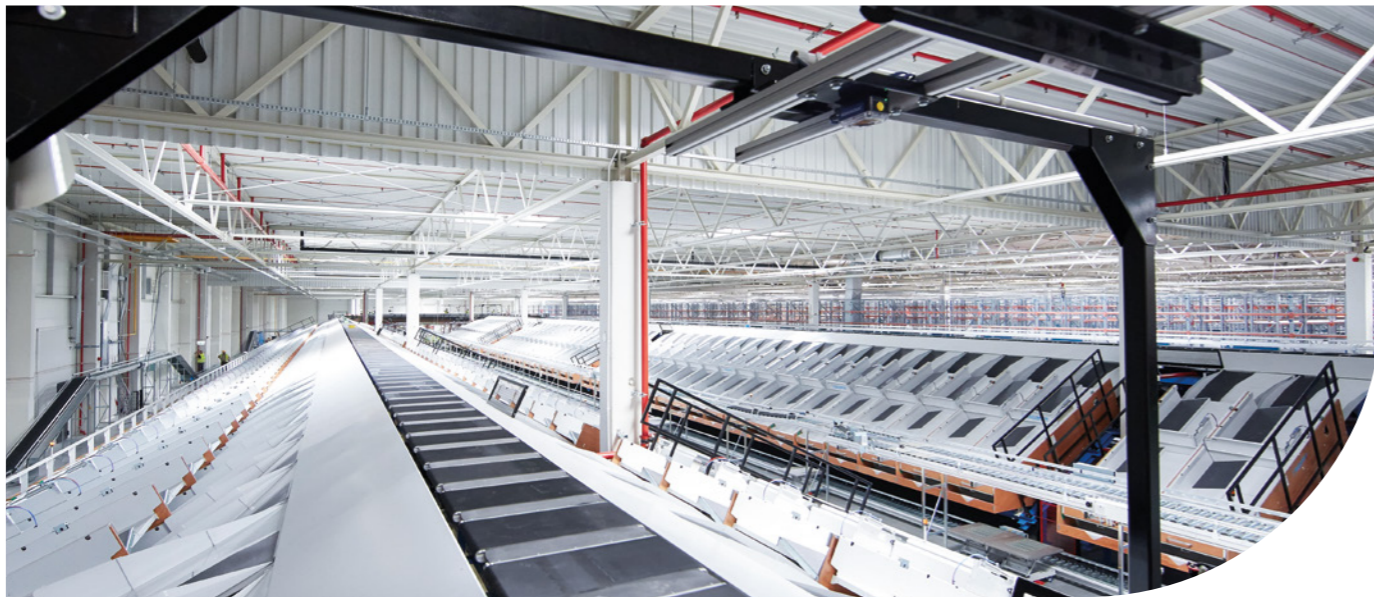
Trucks segment

We have been successfully implementing solutions similar to those from the passenger car segment also in the trucks segment. We continue to expand and develop our chain of independent utility car garages Q-Service Truck, introduce new products and innovative solutions in Feber - a company specializing in the manufacture of trailers and semi-trailers, and extend the competences of ZF Serwis Czosnów - one of the most modern diagnostic and service facilities. The culmination of our efforts in this respect was the strategic partnership between Q-Service Truck and Ford Trucks in 2019.

In 2019, Q-Service Truck Sp. z o.o. and Ford Trucks entered into an agreement based on which the former became the exclusive importer of the latter's vehicles in our country.

Ford Trucks is one of the biggest truck manufacturers in the world. The company produces a whole range of vehicles, including tractors, construction trucks and specialist vehicles. For over half a century, the company's international development strategy has been based on proven solutions in terms of quality, durability and efficiency.





Logistics

Dedicated logistics services for Bosal - an automotive segment manufacturer

In this case our activities were aimed at providing comprehensive logistics services (warehousing and transportation) to Bosal on the Central and Eastern European market. The project was based on a very innovative approach to resource planning with regard to the manufacturer's products and on seeking a synergy effect in sales and logistics

through a tighter cooperation. To effectively implement the project, a part of a warehouse was adapted for the purposes of storing Bosal's products, followed by training the staff responsible for orders and transport, and preparation of a comprehensive offer. Ultimately, all expectations of the customer were met, resulting in a significant volume growth.

Launching a dedicated transport service for Michelin - a tire manufacturer

Activities aimed at the provision of comprehensive transport services, including reverse logistics, to Michelin in Latvia and Estonia. The project is based on an **innovative approach to the tire logistics** in the Inter Cars Group and has a huge potential for further cooperation. To gain maximum benefits, we entered into a cooperation with forwarding companies specializing in the Baltic states market. We had also compiled a database of carriers based on which we selected a transport services provider offering the best price to service quality ratio. We met all quality requirements of the customer, and from August to December 2019, a total of **561 delivery points** were handled and a total of **574 tonnes of tires** were delivered. As the cooperation met Michelin's expectations, it is going to be extended to other markets.



Innovation

Innovation and technological development are the key drivers of Inter Cars S.A. All our activities are focused on providing our customers with the best and the quickest services. To this end, we have been automating and implementing a number of solutions and modern tools addressed to our customers and business partners.

Inter Cars Catalogue Online - the best tool for garages

Improving our customers' operation continues to be our priority and **ICC (Inter Cars Catalogue Online)**, a universal sales platform, is the software we have created to attain our goals. A professional and advanced tool for quickly finding and identifying parts, ICC is an **essential element of the solutions ecosystem** offered by Inter Cars S.A. to support garages.

2019 saw the completion of implementation of the solution on several markets and its promotion among customers in Central and Eastern Europe. In addition, a mobile application (based on Android and iOS) was prepared for the Polish market as a natural add-on to the Online Catalogue.

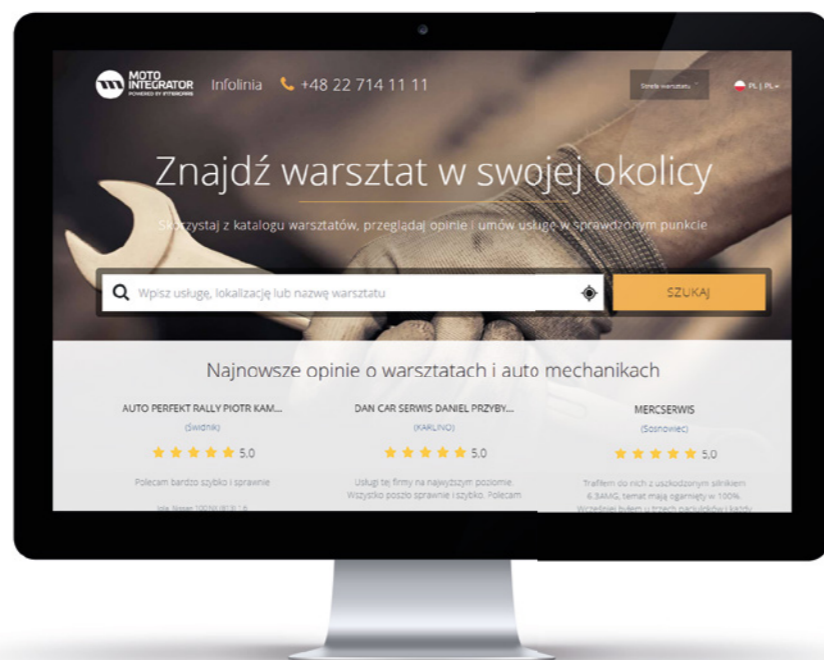




A service connecting people

At Inter Cars S.A. we believe that each car owner deserves a good garage and that each garage deserves good and loyal customers. This is why we have created and continue to develop Motointegrator, a unique website connecting drivers and garages together.

Its popularity continues to grow - since its launch, it has been visited by **over 10.7 m drivers**. In 2019% it was visited by 28% more drivers than in 2018.



Motointegrator gives drivers the possibility to find a garage and verify the opinions about its services. It is also a source of information about the services offered by garages as well as a place in which to find guides related to automotive issues. It is very popular among users.

For garages, Motintegrator is a **source of access to modern tools** helping them manage their work on a daily basis and build their image online. Since 2019, garages have been able to improve their online visibility.

It is available in Poland, Croatia, Bulgaria and Lithuania.

MOTOINTEGRATOR IN 2019:

11,000

of garages on all markets

4.7 m

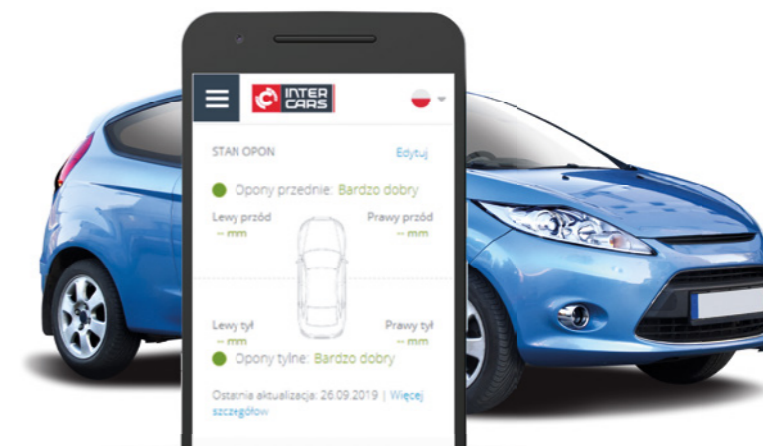
unique users (28% increase yty)

10 m

page views (12% increase yty)



INTERCARS GO!



Innovative services and products for drivers and garages

InterCars GO! is a new, comprehensive service combining remote car diagnostics and monitoring based on the OBD2 technology. The service is provided via a diagnostic device installed in a car and a mobile application on a driver's phone. The connection between the device and the application allows reading, transmitting and collecting data enabling us to analyse a car's functions and react to failures as they appear.

Saved data is presented in a simple and legible form in a driver's mobile application.

Thus, apart from technical support, we provide drivers with a real value in the form of knowledge, safety and guarantee of mobility irrespective of circumstances.

THE SERVICE IS BASED ON THE FOLLOWING KEY ELEMENTS:

This service has been available to all drivers since November 2019. Our mission is to deliver value not only to drivers, but also to garages which cooperate with us within the service. The garages which offer **InterCars GO** receive tools by means of which they can build their modern image and easily establish long-term relations with customers. They additionally get insight into their customers' data, which ensures better diagnostics and problem identification at first contact. They also gain access to an application (my.intercars.eu), which allows them to create customized service schedules accessible to drivers through a mobile application. This is a type of a modern CRM, which additionally makes available the data from a customer's car.

Work automation

In view of the development of the work automation technologies and the benefits it offers, Inter Cars has decided to implement the **Robotic Process Automation** technology.

Software robots can relieve employees from boring and monotonous work, so that they can be given more ambitious tasks and an opportunity for professional development. This approach allows the Organization to more effectively manage its human resources.

Cooperation with managers from different departments has resulted in the creation of a few robots capable of replacing men in performing a number of tasks.

Software robots have eliminated typically human errors from the processes in which they have been applied, and the average completion time for processes automated in 90% has decreased eightfold.

03



Work in Inter Cars

Our company is people.

It is thanks to them that we have been able to build our company on solid foundations and it is together with them that we have been developing it for three decades. We are as strong as all our employees. We are proud to have succeeded thanks to them. We also get a lot of satisfaction from being an organization whose employees get to continuously improve their competences and follow their pursuits.



"We frequently ponder over the meaning of loyalty and the notion of a loyal employee. For us, it's someone who cares about our company's interest and image, both internally and externally, which has a direct impact on the quality of work and the atmosphere within the organization. We are glad to have so many loyal employees, as we saw e.g. during the Petya virus attack, when our employees showed a great deal of commitment to saving our company and did everything they could to restore our sales as quickly as possible."



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

Our employees

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

MANAGEMENT FRAMEWORK

- | personnel policy, career map and payroll policy,
 - | a clearly structured remuneration policy;
 - | the information concerning pay bands for specific roles
- is available in the Company's strategic documents and relevant policies.

Attractive working conditions

Inter Cars is people, our employees. We would never have made it through the three decades without them. We appreciate their approach to work and commitment to taking the company to the top. Therefore, we do everything to keep them satisfied.

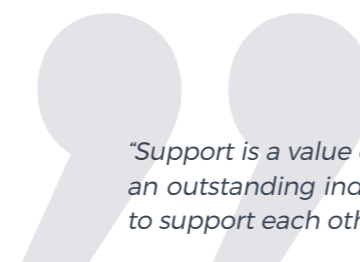
We are a good company to work for as we **guarantee stable and secure employment, timely salary payment and a proper work-life balance.** Many of our employ-

ees have been with us since the very beginning, getting gradually promoted, getting to manage their own teams or pursuing their professional development.



Since 2018,

we have been using a new payroll system. This convenient and easy to use panel allows, among other things, to check the number of leave days, fill in holiday or social benefit applications, complete assessment forms, clear tasks, check employment terms and track records, as well as download the RMUA and PIT reports.



"Support is a value of great importance to us. We are aware of the fact that even an outstanding individual is unable to do much on their own; therefore, we try to support each other each step of the way to create a better future together."



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

Numerous opportunities and benefits:

- | participation in numerous conferences and trainings,
- | competitive and adequate salary,
- | flexible working hours,
- | foreign language training,
- | free gym membership,
- | free medical consultations provided by an experienced medical doctor at an office in Czostnów,
- | integration events,
- | private medical care on attractive financial terms.

As our employees are our most important assets, we try to support them everywhere we can. Therefore, we offer them a wide range of social benefits:

- | gift vouchers
- | family picnics,
- | co-financing of children's camps,
- | holiday benefits,
- | attractive loans,
- | financial aid,
- | events.

[102-8]

Information on staff and other workers













| Lp. | Total number of employees by gender | Inter Cars Group | | | Inter Cars S.A. | | |
|-----|-------------------------------------|------------------|-------------|-------------|-----------------|------------|------------|
| | | Male | Female | Total | Male | Female | Total |
| 1 | Fixed-term contract | 1418 | 618 | 2036 | 95 | 69 | 164 |
| 2 | Open-ended contract | 984 | 392 | 1376 | 281 | 202 | 483 |
| | Total | 2402 | 1010 | 3412 | 376 | 271 | 647 |

| Lp. | Total number of employees by type of employment | Inter Cars Group | | | Inter Cars S.A. | | |
|-----|---|------------------|-------------|-------------|-----------------|------------|------------|
| | | Male | Female | Total | Male | Female | Total |
| 1 | Full-time | 2349 | 937 | 3286 | 360 | 256 | 616 |
| 2 | Part-time | 53 | 73 | 126 | 16 | 15 | 31 |
| | Total | 2402 | 1010 | 3412 | 376 | 271 | 647 |

| Lp. | Total number of employees and affiliated personnel by | Inter Cars Group | | | Inter Cars S.A. | | |
|-----|---|------------------|------------|------------|-----------------|-----------|-----------|
| | | Male | Female | Total | Male | Female | Total |
| 1 | Employed under civil-law contracts for specific work (umowa zlecenia) | 234 | 97 | 331 | 14 | 16 | 30 |
| 2 | Employed under civil-law contracts for a specific task (umowa o dzieło) | 4 | 2 | 6 | 3 | 0 | 3 |
| 3 | Employed under internship contracts | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Self-employed | 14 | 3 | 17 | 0 | 0 | 0 |
| 5 | Supervised employees and/or seasonal workers | 4 | 0 | 4 | 0 | 0 | 0 |
| 6 | Managerial contract | 3 | 2 | 5 | 0 | 0 | 0 |
| | Total | 259 | 104 | 363 | 17 | 16 | 33 |

[202-1]

Ratio of standard entry level wage by gender compared to local minimum wage

| The ratio of the lowest pay at individual Group companies to statutory minimum wage | | | |
|---|------------------------|--------|------|
| | Subject | Female | Male |
|  | BOSNIA AND HERZEGOVINA | 3,30 | 5,16 |
|  | BULGARIA | 2,77 | 3,48 |
|  | CROATIA | 1,15 | 1,15 |
|  | CZECH REPUBLIC | 2,01 | 2,39 |
|  | ESTONIA | 2,22 | 2,41 |
|  | LITHUANIA | 1,74 | 1,98 |
|  | LATVIA | 2,33 | 2,33 |
|  | MOLDOVA | 5,32 | 7,01 |
|  | ROMANIA | 2,03 | 2,07 |
|  | SERBIA | 1,00 | 1,00 |
|  | SLOVAKIA | 1,92 | 2,12 |
|  | SLOVENIA | 1,73 | 1,70 |
|  | HUNGARY | 1,72 | 1,67 |
|  | UNITED KINGDOM | n/d | n/d |
|  | ITALY | 1,00 | 1,00 |
|  | UKRAINE | 2,97 | 6,28 |
|  | MALTA | 1,59 | 1,59 |
|  | GREECE | 1,97 | 1,99 |
|  | INTER CARS S.A. | 1,43 | 1,18 |
|  | LAUBER | 1,38 | 1,42 |
|  | QST | 1,18 | 1,84 |
|  | FEBER | n/d | 1,59 |
|  | ICMS | 1,43 | 1,87 |
|  | QS | 1,69 | n/d |
|  | ILS | 1,59 | 1,71 |



[202-1]

In both the holding company and the other Inter Cars Capital Group companies the level of the junior staff salaries **is consistent** with the respective regulations applicable in a given country.



[202-2]

At the Inter Cars Group we care about the local community. We make sure that the majority of senior staff **come from the local community** - the average for the entire group is 93%. In some countries, as many as 100% of managers are local nationals. These include Bosnia, Bulgaria, Croatia, Estonia, Lithuania, Moldavia, Romania, Slovakia, Hungary and Ukraine.

Top Quality HR Certificate



The Top-Quality HR Certificate is awarded by the Polish Human Resources Management Association during the annual **HR Awards Best Practices meeting**. In 2019, Inter Cars S.A. received an award for managing the employees' benefits and health. The certificate is a confirmation that the organization is a good, credible and reliable employer applying the latest human resources management solutions.

Employee satisfaction survey

The opinion of our employee is key when it comes to implementing new and improving the existing processes. **In December 2019, an employee satisfaction survey was conducted**, covering a total of 498 staff, of whom over a half (57%) had been employed for over 5 years and 17% for less than 2 years.



The employees gave the highest score to the following criteria:

- interpersonal relations and the willingness to provide help with tasks posing difficulty,
- atmosphere in the workplace,
- job security,
- clear instructions given by the immediate superior.



The lowest score was given to additional benefits and the rules of granting bonuses and pay rises.

Inspired by the survey results, the Company decided to take the following actions:

- introduction of changes to the manner of communicating social benefits and to the social benefits system itself,
- introduction of changes to the pay reviews and the possibility of their development.

Employee development support

[404-1, 404-3]

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

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 was conducted in 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 | 1010 | 248 | 24,55% |
| | Male | 2402 | 581 | 24,19% |
| | Total | 3412 | 829 | 24,30% |
| Inter Cars S.A. | Female | 271 | 58 | 21,40% |
| | Male | 376 | 86 | 22,87% |
| | Total | 647 | 144 | 22,26% |

| | Total number of new hires in the reporting period by age | Number of employees | Number of new hires | Percentage of new hires |
|------------------|--|---------------------|---------------------|-------------------------|
| Inter Cars Group | <30 | 909 | 325 | 35,75% |
| | 30-50 | 2203 | 419 | 19,02% |
| | >50 | 300 | 85 | 28,33% |
| | Total | 3412 | 829 | 24,30% |
| Inter Cars S.A. | <30 | 153 | 45 | 29,41% |
| | 30-50 | 443 | 94 | 21,22% |
| | >50 | 51 | 5 | 9,80% |
| | Total | 647 | 144 | 22,26% |

[401-1]

New hires and employee turnover

| | Total number of employee departures by gender | Number of employees | Number of new hires | Percentage of new hires |
|------------------|---|---------------------|---------------------|-------------------------|
| Inter Cars Group | Female | 1010 | 209 | 20,69% |
| | Male | 2402 | 593 | 24,69% |
| | Total | 3412 | 802 | 23,51% |
| Inter Cars S.A. | Female | 271 | 31 | 11,44% |
| | Male | 376 | 38 | 10,11% |
| | Total | 647 | 69 | 10,66% |

| | Total number of employee departures by age | Number of employees | Number of new hires | Percentage of new hires |
|------------------|--|---------------------|---------------------|-------------------------|
| Inter Cars Group | <30 | 909 | 512 | 56,33% |
| | 30-50 | 2203 | 271 | 12,30% |
| | >50 | 300 | 19 | 6,33% |
| | Total | 3412 | 802 | 23,51% |
| Inter Cars S.A. | <30 | 153 | 25 | 16,34% |
| | 30-50 | 443 | 40 | 9,03% |
| | >50 | 51 | 4 | 7,84% |
| | Total | 647 | 69 | 10,66% |

[404-1]

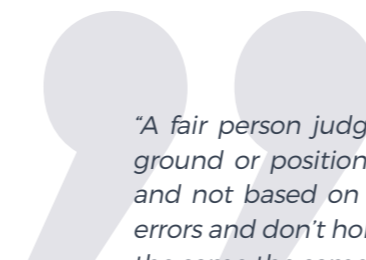
| | Training hours | | |
|---|----------------|-------|-------|
| | Female | Male | Total |
| Total number of training hours | 9044 | 18342 | 27386 |
| Total number of employees | 1010 | 2402 | 3412 |
| Average number of training hours per employee | 8,95 | 7,64 | 8,03 |



Diversity in the workplace

Openness to cooperation with employees **irrespective of their age, gender, nationality, social status or religion** has always been one of the factors defining our company.

We operate on many markets, where we have to face different problems, which gives us a good outlook of the issues related to diversity in the workplace. We implement the best solutions in the head office first and then recommend them to our companies in other countries. This way we are a credible company providing **equal opportunity and support to all of its staff.**



"A fair person judges others by the same measure, irrespective of their background or position held. They judge people based on the results they deliver and not based on personal bias. They keep their promises. They can admit to errors and don't hold others accountable for them. They require from themselves the same the same as they require from others."



Piotr Zamora,
Member of the Management Board of Inter Cars S.A.

Supporting employee's passions

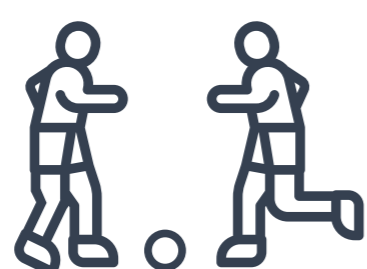
As a healthy mind **requires a healthy body,**

Inter Cars S.A. has been promoting sports among its employees, thus building a committed community. We appreciate our employee's pursuit of their passions and support them in reaching their goals.

In 2019, the programme was focused on three sports:



running



soccer



biking

In 2019, the members of the **Motointegrator Running Team** took part in three prestigious runs, with the biggest number of them (80) showing up for the Warsaw Company Run. Each initiative by the club members is additionally linked to a cause, such as aiding people in need, as each run comes with a financial prize. This way, in recent years, they have provided financial support to the 'Dreams Come True' and the 'Love for Life foundations.'

Motointegrator Running Team in 2019:



In 2019,

we organized our 8th **soccer tournament.** It was attended by teams representing branches from Poland, Croatia, Lithuania, Romania, Ukraine and Hungary. Held in the Bemowo sports hall, the tournament was won by the Balkan team, which beat the Częstochowa branch team in the final game.



Cycling

is another **sport popular among the employees of Inter Cars.** Many of them cycle to work on a daily basis and even compete with each other using the Fitqbe application. In addition to promoting a healthy lifestyle and sport, we support cycling through our Inter Cars Sonic Bike Team comprised of cyclists of different ages and level of advancement. In 2019, the team took part in a number of road and MTB races, and in 2020, they plan to participate in at least a few all-Polish races.





All activities supporting the sports activities and passions pursued by our employees are recorded on the **Fitqbe platform**, a community website where one gets to collect credit for the calories burnt and the sports done. The tool **provides for the possibility of joint workouts, holding competitions and sharing achievements**. The most active and committed participants receive special prizes.

INTER CARS EMPLOYEES IN FITQBE:



1,253

active accounts



70,755

log-ins into the programme



16,827,380

calories burnt



33,589

sports activities



152,766

kilometres



68,987,095

steps



Onboarding

New job is always a challenge, frequently accompanied by stress and uncertainty. Therefore, each new employee of Inter Cars S.A. undergoes an additional on-boarding process.

The recruitment process is always followed by completing formalities, signing an employment contract and attending an occupational health and safety training. Each employee receives their job description, and their direct superiors make sure that they are introduced into the Company during the very first days of their employment. The onboarding process takes a few days and helps new employees to get to know the organization, its structure and functioning as well as to become familiar with the software used by the company.



The 'What's New' newsletter

We would like each of our employees to be well informed about the current activities of our organization, therefore, each month, each of them receives the **'What's New' newsletter**. The newsletter contains information about our foreign branches, practical legal advice as well as advice related to introducing new IT systems in the company. It also features articles about the passions and hobbies of our employees, as well as information about new hires and promotions. The newsletter is published in Polish and English.



Credibility and positive social impact

Inter Cars is a socially **responsible** company.

It is responsible not only for itself and its employees, but also for the community within which it operates. Our activity is focused on the stakeholders of the Inter Cars Capital Group and is reflected by its values. Reliability is one of them.

"A reliable person is one who either keeps a deadline or informs the other party in advance of not being able to do so. A reliable person is one who delivers exactly what is requested of them. If uncertain of what is to be delivered, a reliable person asks to cast away any doubts, rather than deliver something other than agreed. Reliability is important and has become one of the underlying values of Inter Cars, helping us work much better and much more effectively."



Tomáš Kaštil,
Member of the Management Board of Inter Cars S.A.

Memberships in organizations

[102-13]

Knowledge, innovative approach to the future and many years of experience are practices that we continue to improve and that we willingly share by actively participating in the activities of automotive associations.

We are a member of the **Automotive Parts Distributors and Manufacturers Association (SDCM)**; since June 2019, one of the Board Members of this organization has been **Krzysztof Soszyński**, Vice-President of Inter Cars S.A. The association is a member of the European Federation of the Automotive Aftermarket Distributors.



As a member of SDCM, since 2016, we have been actively participating in the works of CLEPA, Europe's only organization representing the interests of automotive parts manufacturers. The opinion of our experts matters and is frequently voiced, among other things, during debates devoted to technical regulations, all aspects of development, innovation and competitiveness of the automotive industry as well as gas emissions and all environment protection issues.

We are a member of the **International Association of Automotive Spare Parts Distributors ATR**, one of the world's biggest spare parts distribution organization. Through this membership, together with our partners, we develop our activities on many markets and strengthen the international independent automotive aftermarket.



[102-12] In December 2018, our company was included in the RESPECT index published annually by the Warsaw Stock Exchange. The index comprises socially responsible companies with the highest liquidity, i.e. companies listed in the WIG 20, mWIG40 or sWIG80 indexes. In August 2019, having appreciated the increasing significance of the ESG criteria in selecting companies to be included in the investment portfolio, the Warsaw Stock Exchange decided to replace the RESPECT Index with **WIG-ESG**, a new index comprising all companies listed in the WIG20 and WIG40 indexes. The verification of compliance with the ESG criteria is based on reports by Sustainalytics and an evaluation of compliance with the code of good practices. Inter Cars S.A. is among companies which meet the criteria defined by WSE.

The fact that Inter Cars S.A. is listed in the WIG-ESG index translates into its **investment attractiveness**. The company's high-quality reporting standards, investor relations and information governance show its care for investors. We want to be a partner for professional investors and, therefore, we treat our presence on WIG-ESG as very prestigious.



Certificates

The Organization has implemented, maintains and continues to improve a quality management system compliant with the ISO 9001:2015 standard.

In order to ensure permanent ability to deliver products and services meeting customers' requirements and compliant with the applicable regulations, Inter Cars undertakes actions and implements processes, taking into account potential risks and opportunities to increase the efficiency of its management system.

In June 2019, DEKRA, a certifying body, audited all processes covered by the company's quality system and found them highly effective and efficient. The **ISO 9001:2015 certificate** held by Inter Cars confirms that the company meets the ISO standards as well as the management standard it has adopted.



In 2019,
Inter Cars S.A. continued to improve its performance by continually motoring its processes and evaluating:



customers' satisfaction



compliance of products and services



efficiency of processes, taking into account a risk- and -opportunities-based approach (potentially **adverse factors - risks**, and potentially **beneficial factors - opportunities**)

Dialogue with stakeholders

[102-42, 103-1]

Building relations with stakeholders is one of the pillars of responsible business. **Respect, trust and understanding are the foundations** on which our company was built and which help our stakeholders to develop. We believe that dialogue is the key to solving problems. Therefore, we are not afraid to talk to our partners and meet with them regularly to hear their opinions and present ours. We believe that this way we can build long-term relations based on mutual trust and understanding. We identify our key stakeholders by taking into account our mutual interests.

Inter Cars S.A. stakeholders map

[102-40]



[102-43, 102-44, 102-47] Due to the **dynamic development of the Inter Cars Capital Group** both in Poland and abroad, the company's profile changes slightly each year. Our customers have known us for thirty years now. Therefore, we want to hand some of our decision-making processes over to our internal partners, i.e. our branches. We believe that this way we will improve a number of procedures and our distribution network will develop even more dynamically. No one knows the needs of our external customers i.e. garages and automotive stores better than our branch owners. This knowledge enables them to engage into an effective dialogue with them and understand their point of view on running a business.

Inter Cars S.A. communicates with its branch owners via the so-called Branch Owners' Council, being an advisory and opinion-making body.

We continue to develop and modernize our branches in terms of logistics, following the idea of standardisation of logistic operations and customer service in all branches across Poland. We also do that by improving the deliveries of goods to branches and by simplifying their stock management processes.

In 2019, 20 branches were modernized. Some of them introduced the following solutions:

- spiral conveyor systems accelerating the process of issuing goods,
- the rack sizes were adapted for storing goods, which resulted in an increased storage area of medium-sized racks by app. 70%.

In 2020, the modernization, including the introduction of these above-mentioned solutions, will cover more branches.

Responsible marketing communication

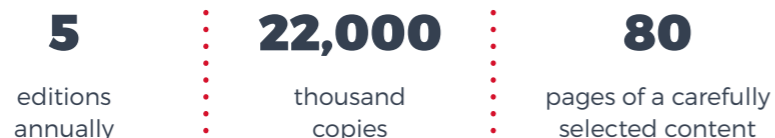
An important group of stakeholders are for us the automotive industry media, which we try to support through direct PR activities. Dedicated employees of our organization are always available to journalists to help them explain any issues related not only to the Inter Cars brand but also to the entire automotive market. Responsible communication is based on the activities of our press office, which is always provided with top-quality information.

To cater to the needs of its stakeholders, in this case business customers, Inter Cars publishes two custom publishing-type magazines - **IC News** - a two-monthly dedicated to the passenger cars market, and **Inter Truck** - a quarterly dedicated to the trucks market. Both magazines are delivered strictly to their target group of readers, i.e. to garages and branches of Inter Cars S.A.



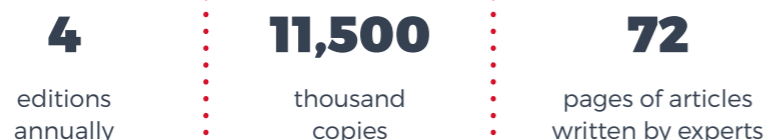
Wiadomości

IC News:



interTRUCK

Inter Truck:



Cooperation with business partners

ShowCar and ShowTruck is an innovative offer of free mobile trainings held across the country in special semi-trailers fully equipped with all the necessary training equipment. The initiative is aimed at providing car mechanics and the garages which cooperate with us with a specialist knowledge, including the latest technical solutions applied in the automotive industry.

The biggest benefit of these trainings is the fact that their participants don't have to waste their time travelling long distances to get their training. The ShowCar and ShowTrucks trainings have become a permanent feature of our branches.

In 2019, all locations of these mobile trainings were selected based on a market needs analysis results and their content was adapted accordingly.



WE CARE ABOUT RELATIONS

As a result of a skilfully implemented strategy, high quality of the services offered and relations of partnership with our customers, **our brand is now recognized by 100% of garages**. We reach our goals through cooperation, realising that we develop and grow only if our customers develop and grow with us.

GOOD PRACTICE



Trainings offer **for garages**

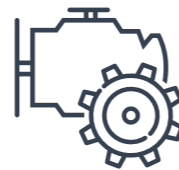
In the continuously changing world of today, where new solutions can be found everywhere and where innovations are introduced almost daily, those who don't develop stay behind. Knowing all that, we help our customers gain the necessary **knowledge allowing them to develop** themselves and their businesses. In 2019, we prepared and carried out a series of business, product and technical trainings for garages.



BUSINESS TRAININGS



PRODUCT TRAININGS



TECHNICAL TRAININGS



Business trainings are aimed at helping each garage owner to run their garage in an easier and more efficient way. We teach them what to do to increase the efficiency of their garages.

Business trainings are about:

- | improving the operation of a garage through the best garage management practices,
- | teaching new methods of optimization of the working time and motivating mechanics,
- | understanding the types of legal risks resulting from running a garage and about mitigating those risks,
- | analysing the customer service methods applied by garages,
- | presenting different methods of promoting a garage and acquiring new customers.



Product trainings are an opportunity to get to know the latest solutions by leading manufacturers.

Product trainings are about:

- | meeting top specialists,
- | an opportunity to get to know top-quality products,
- | learning how to use the garage equipment to its full capacity,
- | an opportunity to get to know the latest developments in the automotive industry,
- | an opportunity to exchange experiences and opinions.

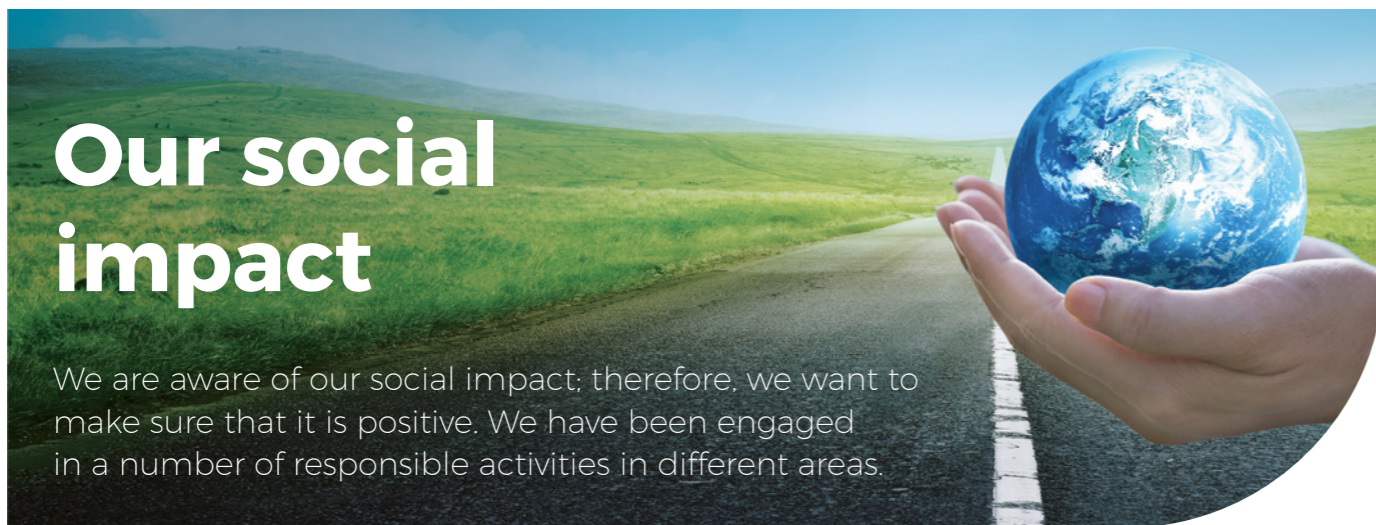
Product trainings are organized in cooperation with the leading suppliers, such as **ATE, Hella or Texa**. It is through these trainings that the customers of Inter Cars S.A. are one of the first ones to become introduced to the latest products.



Technical trainings are an opportunity to improve the competences of a mechanic by teaching them new skills and developing their specialist knowledge. We offer the most comprehensive trainings on the market, featuring a very broad thematic scope. The trainings are held in the Inter Cars S.A.'s training centre in Czosnów or in our branches throughout Poland.

Technical trainings are about:

- | the possibility to get to know the structure of different mechanical systems and units in a car and to thoroughly understand how they operate,
- | an opportunity to perform selected tasks under the supervision of experts,
- | learning to practice how to disassemble, repair and reassemble a given unit; depending on the training, we demonstrate that on our test cars, units partially removed from a car or specially prepared engine sections.
- | meeting top specialists ready to share their expert knowledge,
- | exchanging experiences with other training participants.



Our social impact

We are aware of our social impact; therefore, we want to make sure that it is positive. We have been engaged in a number of responsible activities in different areas.

For business environment

Safety at work

In 2019, we were among the supporters of the Safety at Work Coalition, a platform educating and popularizing good occupational health and safety practices, both at work and at home. We promoted the culture of safety at work both among employees and employers. We built a community integrated around the health and safety services, also by cooperating with the general and automotive industry media in this respect.

Being an active member of the Coalition, Inter Cars S.A. actively participated in organizing special events, such as OHS Staff Championships or automotive industry events. It also commented on the recent developments related to regulations, cooperated with the media and prepared an annual "Occupational Safety in Poland" report. In 2019, the report was focused on the issue of psycho-physical strain among employees.



The Inter Cars Capital Group has been recognized for its commitment to the Safety at Work Coalition, which has translated into increased brand recognition and an easier access to target groups, including end-customers. The Company's activity in this area brought measurable benefits; in 2019 alone, the occupational health and safety competition was attended by 3,500 people, who significantly broadened their knowledge of OHS.



Launched in 2012, the programme

is addressed to vocational schools and is about providing them with modern car diagnostics and repair equipment. Seven years on, we also provide them with the latest skills and knowledge, thus preparing their students to work in the automotive industry in the future.

Thanks to the Young Staff programme the teachers and students get to use an e-learning platform to participate in the same trainings that are offered to professional mechanics. The number of users logging into the platform is gradually growing, as is the time needed to complete the tasks and exercises, which proves the usefulness of programmes like this one.

As at the end of the 2018/19 school year, 23 schools, totalling 8 thousand students, attended the programme. Currently, after being joined by schools from Radzyń Podlaski, Sieradz and Katowice, the programme is attended by a total of 26 schools. In the school year of 2019/2020, over 9,500 students were training to take jobs in the automotive industry.

ERASMUS+ programmed



In 2019, together with its partners, the Company obtained funds from the ERASMUS+ programmed to implement an international project aimed at promoting high-quality vocational education for the automotive sector through a multi-stage skills contest organized by employers for the students of vocational and technical schools.



THE PROGRAMME'S OBJECTIVES:

An exemplary offer of the Young Staff programme for schools;

- | Maintenance and repair of the equipment provided by Inter Cars S.A.
- | Free, dedicated trainings for teachers and students.
- | Free participation for practical classes teachers in open trainings for car mechanics held in the Inter Cars S.A Training Centre in Czosnów.
- | ShowCar trainings at schools
- | Free guided tours of:
 - the ILS European Logistics and Development Centre,
 - the ZF Training Centre in Czosnów,
 - the Intermeco Europe sp. z o.o. technical lab in Stare Babice.
- | Possibility to carry out individual projects, including apprenticeships.
- | Company gadgets package e.g. suits, caps, t-shirts etc.

- | supporting automotive vocational and technical schools, as well as other educational facilities offering trainings related to the automotive area,
- | showing how the automotive business works,
- | giving students an opportunity to learn new skills through practice in garages belonging to the Inter Cars S.A. chain.
- | building the image of Inter Cars S.A. as a leader in the automotive business focused on implementing new technologies and developing the professional skill of its staff.



The flagship event of the Young Staff programme

is the international Young Car Mechanic competition. Held for the past three years running, the competition is aimed at finding young talents, exchanging experience and good practices between Polish and European schools as well as at popularising the job of a car mechanic. In the school year of 2018/19, the preliminary round in Poland was attended by nearly **1200 students** and the **total number of participants from all countries involved in the project was 3000**.

100,000 PLN

total worth of prizes

In 2019, the three best contestants won a total PLN 100,000 worth of prizes, which went to both the students and the teachers. In addition, all contestants who got to the final round went on **an educational trip to the Elring plant in Stuttgart and to the Porsche and Mercedes museum.**



The Polish winner of the Young Car Mechanic 2019 competition will represent our country in the **EuroSkill 2020 competition in Graz in the 'Automotive Technology' category**, based on a letter of intent signed with the Educational System Development Foundation.



Top-level standards

We are one of a few automotive parts distributors in Europe who have their own quality control system based on the QDA software. Before they are included in our offer, parts undergo implementation test in the Intermeko Europe sp. z o.o. laboratory. All parts undergo multiple tests to ensure that the final product is safe for the user and meets very stringent technical standards. Laboratory has recently been moved to a new, bigger location and is now using even more technologically advanced research facilities.

Intermeko Europe sp. z o.o. analyses potential future suppliers of Inter Cars and performs random quality checks with regard to suppliers we already cooperate with. This allows us to ensure that we get only top-quality products meeting the requirements and expectations of users. The laboratory performs also test related to claims reported by individual customers.

Intermeko Europe sp. z o.o. checks mainly supplier-owned brands as it is this part of the market that requires quality checks the most. Each new product from this segment undergoes thorough checks and tests and, prior to being marketed, it must be positively verified in the laboratory.

INTERMEKO EUROPE SP. Z O.O. LABORATORY

The Intermeko Europe Laboratory functions in conformity with an **ISO9001 quality management system**. A **DEKRA Certification** certificate confirms that the quality management system was introduced and is maintained by Intermeko Europe in conformity with the requirements of the **ISO 9001:2008** standards.

KEY TESTS PERFORMED AT INTERMEKO EUROPE SP. Z O.O.:

- | geometrical measurements,
- | durability tests,
- | hardness tests,
- | microstructure analyses,
- | functional analyses.

For sportsmen

Bartek Ostałowski
as Inter Cars's
ambassador



An exceptional company always identifies with exceptional people, such as **Bartosz Ostałowski, the world's only FIA driver** manoeuvring the driving wheel with his feet. Bartosz lost his hands in a car accident but he never lost his spirit and was stubborn enough to continue pur-

suing his dreams. Thanks to Inter Cars S.A.'s involvement, a special car was built for him, allowing him to compete against the best drifters on equal terms. In 2019, he won the title of the **II Polish Vice-Champion** and participated in the final round of Gymkhana GRiD.

We support the best
Polish sportsman of 2019



Another sportsman pursuing his dreams and supported by Inter Cars S.A. for many years is **Bartosz Zmarzlik**. In 2019, this Stal Gorzów Wielkopolski team player was awarded the title of the **Speedway World Champion** and won the grand Prix of Slovenia, Poland and Denmark. His crowning achievement of the year was the title of the **Best Sportsman of the Year** awarded by the readers of the Przegląd Sportowy (Eng. Sports Review) magazine.

Sonic Inter Cars
Bike Team



A team created by a group of cycling enthusiasts in Błonie near Warsaw. Although comprised mostly of young cyclists, the team is also open to older people who show enough passion and commitment to the sport.

Currently, **the oldest team member is 60 years old**. The team has **22 cyclists** who have represented it at different races.

For employees

Motointegrator Running Team
runs for those in need

The team is comprised of employees who love running. The tens of thousands of kilometres they run each year are exchanged for money, which is then donated to charities. In recent years, we have donated funds e.g. to the 'Dreams Come True Foundation,' the 'Love for Life Foundation' or the 'Help on Time Foundation.'



For the society

Our corporate social responsibility and charity activities focus mainly on the intellectual and physical development of children and youth. We also support children and youth in difficult life and financial situation.



We improve road safety

Visibility of pedestrians, especially after dusk and outside built-up and poorly illuminated areas, is fundamental to improving safety on Polish roads. A pedestrian wearing reflective elements is visible to drivers from app. 150-200 meters, while a pedestrian not wearing them from just 30 meters! The sooner a driver notices a pedestrian, the more time for reaction they have.

To improve safety on Polish roads, our organization has been proudly supporting the **Odblaskowi.pl project** through its Q Service Castrol chain. Together we visit schools and kindergartens to educate children in traffic regulations and responsible behaviour on the road. We do that by engaging them in different games and giving them simple messages. A reflective zebra - the official mascot of the project - attracts interest of all participants.

Odblaskowi.pl in numbers:

47

towns visited

85

schools and kindergartens visited

300

events held

280 000

reflective bands handed out

For example, in 2019 we helped organize

The Mazovia Cup International Wheelchair Rugby Tournament held annually at the Legionowo Arena. It is the biggest and the most prestigious event of its kind in Poland with international recognition. It is organized by the Four Kings club. For the last few years, the logo of Inter Cars has been printed on the front of the players' T-shirts. We are very proud of the players, who have won two gold, one silver and one bronze medal in Polish and international competitions over the last six years.

For yet another time we supported the DigiKids Holiday Workshop for children from children's homes from Warsaw. This time the children were trained in programming and safe use of the Internet.

We continue to support the organization of the International Sokolik Tournament, the biggest children's football tournament in Poland.

We have donated the "Cukierkowo" Diabetic Kids Foundation.

Each year we co-finance the summer and winter holidays for children from poor families, organized by the Nuns Congregation in Pułtusk.

Each year we provide financial aid to the Nowy Dwór Mazowiecki Social Committee for Raising Funds for Terminally Ill Children. In 2019 we supported a fundraising as part of the Charity Ball in Nowy Dwór Mazowiecki ("OPEN HEART CHARITY BALL FOR KACEPREK").

We provided material aid to the Łódź Small Port Foundation for Children.

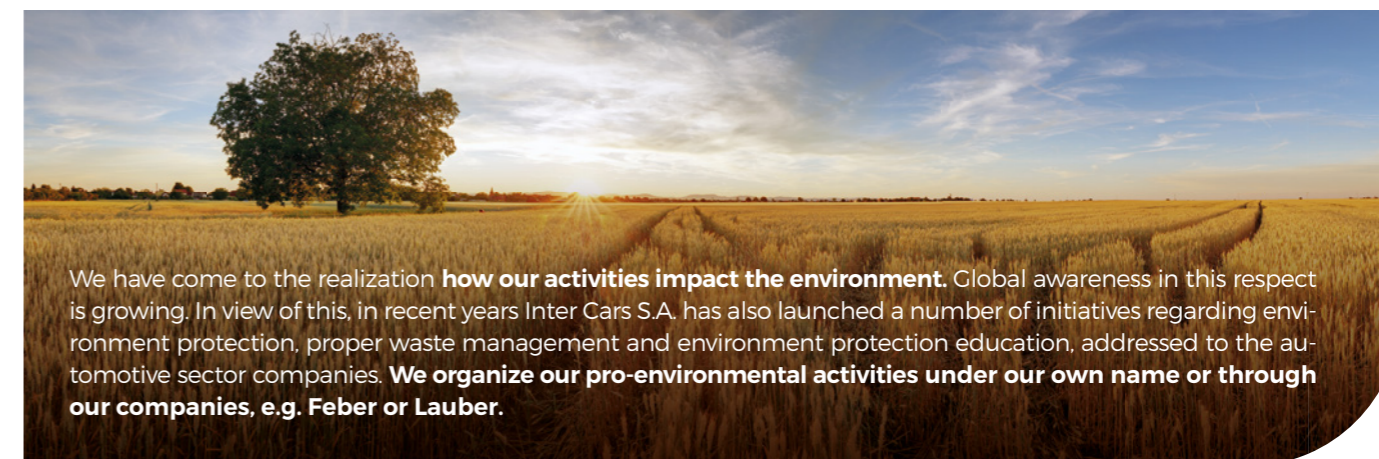
Moto Santa

Since 2018 we our offices in Czosnów, Zakroczym, Młociny and Giełdowa have organized toy and sweets raising for children's homes in Warsaw. Apart from providing financial aid, Inter Cars also joined the traditional Santa Motorcycle Ride from the PGE National Stadium to the Royal Castle Square.

Christmas Package

'Szlachetna Paczka' (Eng. Christmas Package) is a charity event organized since 2001. Employees of Inter Cars S.A. have participated in it for the past few years. In 2019, they helped two families from the commune of Sońsk in the district of Ciechanów.

Our environmental impact

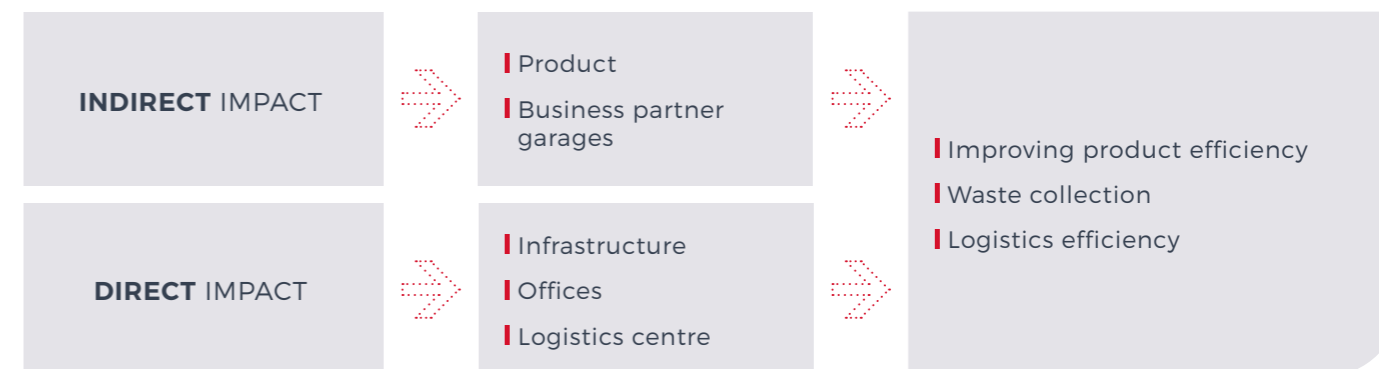


We have come to the realization **how our activities impact the environment**. Global awareness in this respect is growing. In view of this, in recent years Inter Cars S.A. has also launched a number of initiatives regarding environment protection, proper waste management and environment protection education, addressed to the automotive sector companies. **We organize our pro-environmental activities under our own name or through our companies, e.g. Feber or Lauber.**

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

- Security, Occupational Health and Safety and Environment Protection Policy of the Inter Cars Capital Group
- Effective Energy management plan – "Energy Efficiency of the Inter Cars S.A. Capital Group"
- Internal Energy Management Policy
- Regular energy audits in conformity with the PL-EN 16247 standard
- Analysis of the company's direct and indirect environmental impact
- Environment protection regulations compliance reviews
- Subcontractor environment protection regulations compliance reviews regarding permits and administrative decisions

Environmental responsibility of the Inter Cars Group



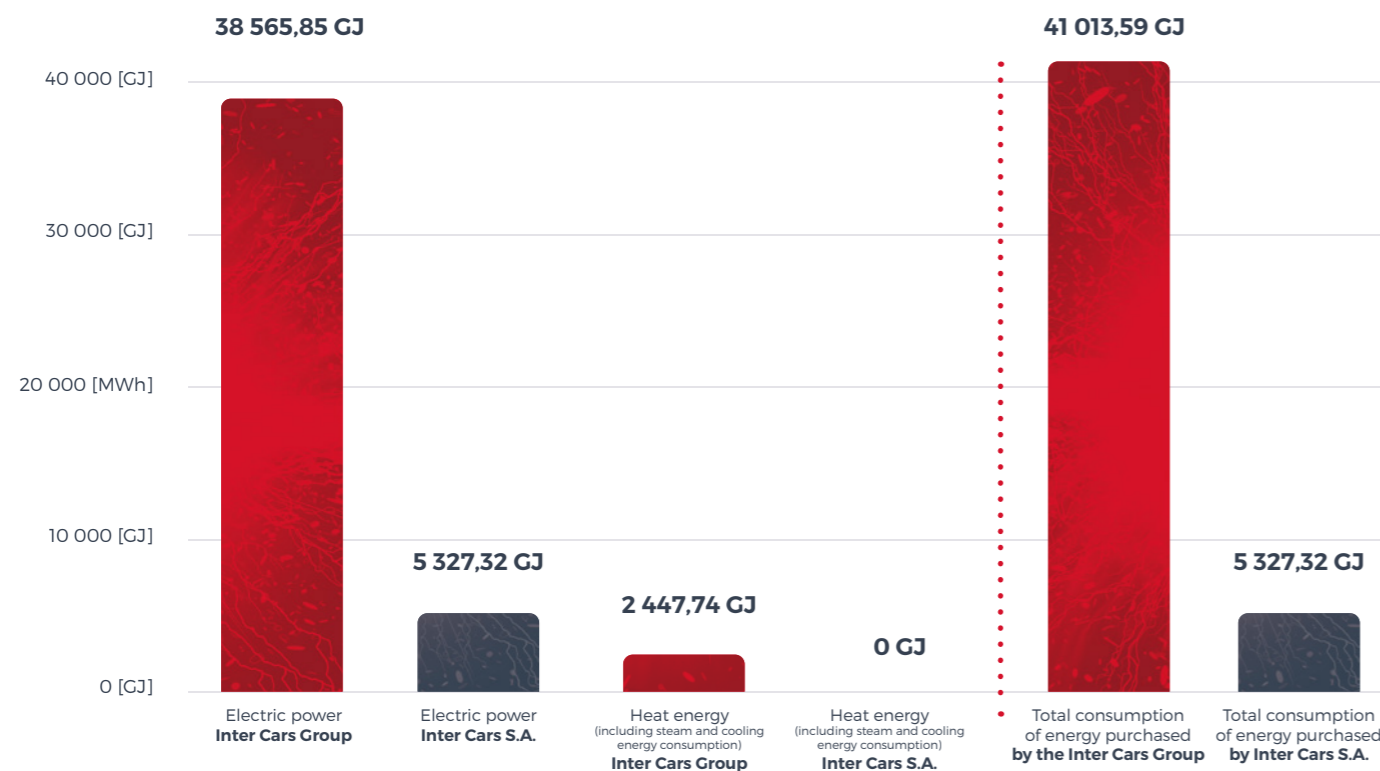
[306-2]

Total weight of waste in [Mg] generated by IC S.A. and the Inter Cars Group in 2019 by disposal method

| | Inter Cars Group | | Inter Cars S.A. | |
|--------------------------------------|---------------------|-----------------|---------------------|-----------------|
| | Non-hazardous waste | Hazardous waste | Non-hazardous waste | Hazardous waste |
| Reuse | 84,07 | 0 | 0 | 0 |
| Recycling | 6 880,45 | 3 017,78 | 94,32 | 0,17 |
| Composting | 58,00 | 0 | 0 | 0 |
| Recovery (including energy recovery) | 7 348,05 | 62,32 | 0 | 0 |
| Combustion (or using as fuel) | 7 305,36 | 2,41 | 0 | 0 |
| Landfill deposition | 3,83 | 12,084 | 0 | 0 |
| Other | 0,75 | 0 | 0,75 | 0 |
| Suma | 21 680,50 | 3 094,60 | 95,07 | 0,17 |

[302-1]

Total energy in [GJ] consumed by Inter Cars S.A. and the Inter Cars Group in 2019



In 2019, Feber launched an **investment related to connecting the burners of its paint shops to the natural gas grid**. The investment is scheduled for completion in 2020. The investment will reduce the system maintenance costs and will have a significant pro-environmental impact, as natural gas is up to 5 times more efficient than the traditional fuels; **its carbon dioxide emission is 20% smaller** than that of heating oil and up to 50% than that of coal. It is also safer for the groundwater and can be used in protected areas.

Also, in 2019 Feber obtained TUV certificates for **five WPQR Qualified Welding Technologies**. These certificates are mandatory from the point of view of a welding quality system conforming to the **EN ISO 3834**, help optimize welding processes and improve the quality of the goods produced. A well optimized process allows to apply an appropriate amount of heat onto a joint and thus reduce to the minimum the energy consumption, dust emission and the UV radiation, dangerous to the environment.



For many years Lauber has been promoting the idea of circular economy, i.e. an economy that allows to **decrease and optimize the consumption of resources** while increasing the volume of services. Circular economy is about reusing materials, extending the life cycle of products and using a potential that is otherwise frequently wasted. The Company's ultimate goal is to manage its supply chain so as to eliminate the notion of the end-of-life of a product altogether or at least to extend the useful life of products to the maximum possible extent.

Lauber **reconditions car parts**. Using the latest technologies, the Company is capable of remanufacturing mechanical assemblies such that their properties are the same as those of new products. As the quality of remanufactured parts does not differ from that of new ones, and, as they are cheaper, customers can save a lot of money and not worry about scrapping their old parts. In 2019, Lauber remanufactured **PLN 64 m** worth of parts.



Bio Service and waste management

Filers, fluids, waste oil, batteries, tires, car part packages... Every day a typical workshop has to manage a lot of wastes, many of which are dangerous to the environment. At Inter Cars S.A. we understand how troublesome and time-consuming a responsible and lawful management of such wastes can be. Therefore, we have created Bio Service - a unique service offered to the garages which cooperate with us.

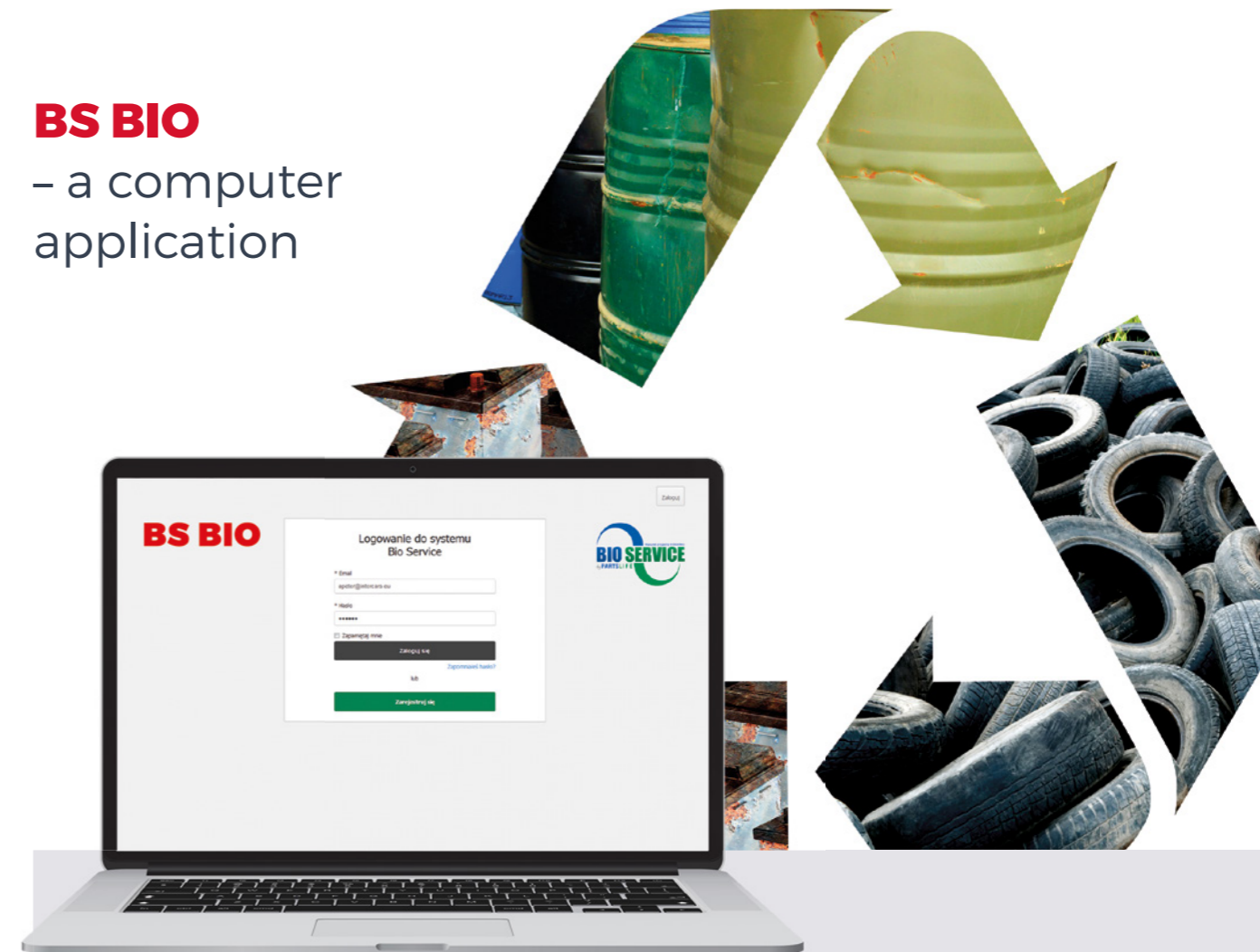
BENEFITS OF BIO SERVICE

- | access to environment protection experts,
- | support in handling all formalities related to waste management,
- | waste containers,
- | collection of wastes by specialized oil tank trucks and special vehicles for collecting other garage wastes, equipped with a lift,
- | assistance in preparing the basic waste management documents,
- | maintenance and cleaning of separators and oil-derivatives settler tanks,
- | maintenance and lease of working clothing.

In addition, Bio Service offers an **exceptional loyalty programme** for garages. One of the benefits is related to waste batteries - the garage owners who hand them over to Bio Service receive a **special Premia Cash card** on which they collect funds which they can later use to buy parts through Inter Cars S.A.



BS BIO - a computer application



To facilitate using Bio Service, we have launched the **BS BIO programme - a computer application** allowing garages to quickly and easily order waste collection services. The system automatically calculates the costs, and if an order is for wastes subject to a fee and resale, it recalculates the data and shows the amount due to or from the operator.

In addition, the system offers environment protection consulting services. Customers using the system get to order a specific service, e.g. a permit to generate wastes, environmental permits, fees or OHS trainings. In 2019 we performed over 400 services of this type.

GOOD PRACTICE

Advanced washing technology



In its care for the environment and garage owners, Bio Service has **partnered up with CWS-boco Polska to offer a service of washing the working clothes** and delivering complete sets of working outfits to garages, comprised of a shirt, dungarees, trousers, a T-shirt, a vest and jackets.



ILS European Logistics and Development Centre

Out of all logistics centres belonging to the Inter Cars Capital Group, the ILS European Logistics and Development Centre in Zakroczym is exceptional both operationally and in terms of its environmental impact management.



It undertakes, among other things, the following activities in this regard:

activities aimed at reducing the electrical or heat energy consumption and the environment pollution resulting from noise or heating,

activities aimed at saving energy: using LED lighting, motion detectors within the racks system, sorters operating in an energy saving mode,

decreasing the number of wastes generated in the warehouse as a result of using multiple-use containers

lower consumption of paper as a result using scanners and PDA.

Pro-environmental solutions implemented at the ILS European Logistics and Development Centre

The ILS European Logistics and Development Centre continues to expand its storage capacity while observing the applicable environment protection standards. In 2019 alone, **a modern, two-stage water treatment plant was installed in the building, intended for the treatment of water from the local deep well**, which increased the capacity of the plant, decreased the power consumption, increased the quality of water and the useful life of deep wells through their even use.

We installed LED lighting inside and outside the warehouse, thus reducing the useful life of the lighting, increasing its capacity and decreasing the heat generated by it. We also installed motion detectors along the racks, as a result of which the light is switched on only when an employee is walking down the racks hall.

We installed thermostats and automated controls to improve the effectiveness of heating in the warehouses, as a result of which the temperature inside them is now set depending on the outdoor temperature. To heat up the warehouses in winter we use the heat generated by compressing the air for technological purposes. The electrical system was prepared to accommodate photovoltaic cells to be used at a later time after the facility reaches its full capacity.

The centre also holds training and workshops to increase the awareness of its employees.



Photovoltaic cells as a remedy to growing energy consumption

Since 2019, we have been promoting among our employees and customers the idea of renewable energy sources as a feasible response to the outdated energy management methods applied in our country.



The energy prices continue to grow resulting, among other things, in increased energy consumption worldwide. According to the data published by the **International Energy Agency**, in 2018, the power consumption worldwide increased by 2.3%. We are also experiencing increased carbon dioxide emissions, which affects our daily lives. The average global temperature has been increasing, as has the air pollution, the effects of which are particularly visible in winter. We are aware of the fact that we are running out of the conventional energy sources and that their prices are going up.

In 2019, we launched an information campaign among our employees related to RES, especially photovoltaic systems. Our aim is to make our employees and customers understand the idea of energy independence and the benefits of photovoltaic systems. We have introduced into our offer the possibility to price and purchase photovoltaic systems on preferential lease terms or based on business partner contracts, as a result of which our customers do not have to pay directly for purchasing a system. Thanks to this, in 2019, we installed on the roofs of our customer's garages photovoltaic systems of a **total capacity of 48.82 kW**, which results in a decrease in the carbon dioxide emissions in Poland by 50.32 tonnes annually.

Construction and reconstruction of a midi-hub network

Infrastructural and logistical activities are frequently processes that take years. However, if carried out wisely, they also help to optimise the operating costs and to have an actual impact on the environment protection.

In 2016, Inter Cars S.A. began the launch of seven modern regional warehouses. The process was completed in 2019, after seven warehouses located in **Białystok, Lublin, Łódź, Pruszcz Gdański, Rzeszów, Szczecin and Wrocław** were put into operation. Each of them is a **class "A" warehouse** offering a space ranging from 3,500 m² to 7 200 m², equipped with high-storage racks and racks with platforms for storing tires and general goods.



Each of them is equipped with LED lighting and lighting motion detectors;

Each of them is equipped with a stock optimisation option;

Due to direct deliveries from plants, the number of deliveries from central warehouses has been reduced, which has decreased the overall strain on the environment, as well as the handling costs, especially regarding bulk products.

All warehouses have flammable good storage zones separated from the rest of the warehouse by walls of required fire resistance;

The delivery times to the end-customer have been reduced, resulting in a decrease in environmentally hazardous emissions;

The consumption of electrical power has decreased, e.g. by an average of 20% in the Łódź warehouse alone.

Simple actions - huge benefits

Huge investments, modernization of warehouses and implementation of new projects have a significant positive impact on the environment.

Each day, together with our employees, we try to do seemingly unimportant things which, if implemented on a bigger scale, have measurable effects.

For example, **we have replaced the entire lighting system in our offices in Warsaw, Czosnów and Zakroczym with a new, energy saving one. We have also installed green ventilation and air-condition systems and introduced waste segregation.** In addition, we have replaced disposable paper towels with cotton ones. Each roll of such towels is washed at least 100 times throughout its life cycle, which is equal to 40 thousand paper towels or 7 thousand minutes of a hand dryer operation. We have reduced the number of documents printed in each of our offices and have introduced an electronic system for their archiving. We have also adapted the waste collection spots in Zakroczym (ILS) to the new legal requirements.



In 2019, we opened a new office in the Młociny Shopping Mall. We really wanted to make sure that the new office would meet the environment protection requirements; therefore, we are proud that one of our key offices can be referred to as green. **The Inter Cars offices in the Młociny mall** are equipped with energy-efficient lighting divided into zones, as well as LED lighting in all common areas of the building. The office has **40 parking places** for cars, locker rooms and showers for bikers and features an excellent sound insulation and energy-efficient elevators. The bathrooms have been designed to **reduce water consumption by 40% and feature a leaks monitoring system.**

About the report

[102-45, 102-46, 102-50, 102-52, 102-54, 102-56]

05

The Inter Cars Group Sustainability Report contains data for the period from 1 January to 31 December 2019 and is the Group's third such report. The Report is published annually and covers the holding entity, i.e. Inter Cars S.A and 32 capital companies comprising the Inter Cars Group.

During the reporting period there were no material changes regarding the size, structure, ownership or value chain or regarding the scope of reporting compared with the previous year. One adjustment was made to the information contained in the previous report published in April 2018.

This report was prepared in conformity with the non-financial reporting standards laid out in the amended Accounting Act of 29 September 1994 and in conformity with the Global Reporting Initiative (GRI Standards), core version.

These guidelines constitute a significant framework supporting a consolidated approach to reporting and are conducive to maintaining the highest degree of transparency and consistency required for this information to be useful and reliable for the markets and the society.

We have made sure to include the opinion of our employees in determining the content of the report. To this end, we conducted a survey that was completed by 304 respondents. We used their opinions and suggestions to identify the key issues related to the sustainable growth of the Inter Cars Group in 2019.

Materiality assessment is subject to regular (annual) reviews as part of the internal verification process.

The figures quoted in the report were sourced from the internal reporting systems. All of them were verified prior to publication. We did not hire an external auditor.

| GRI indicator number | Indicator title | Page no. |
|---|---|---|
| GRI 102: 2016 profile indicators | | |
| Organization's profile | | |
| 102-1 | Name of the organization | 12 |
| 102-2 | Activities, brands, products and/or services | 12 |
| 102-3 | Location of headquarters | 12 |
| 102-4 | Location of operations | 12 |
| 102-5 | Ownership and legal form | 12 |
| 102-6 | Markets served | 12 |
| 102-7 | Scale of organization | 14 |
| 102-8 | Information on employees and other workers | 42 |
| 102-9 | Supply chain | 20 |
| 102-10 | Significant changes to the organization's size, structure, ownership or supply chain | No material changes in the reporting period. |
| 102-11 | Explanations of weather and how the organization applies the precautionary principle or approach | 28 |
| 102-12 | A list of externally-developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses | 54 |
| 102-13 | Membership of associations | 54 |
| 102-14 | Statement from senior decision-maker | 2 |
| 102-16 | Values, principles, standards, and norms of behavior | 23, 26 |
| Governance | | |
| 102-18 | Governance structure of the organization, including committees of the highest supervisory body | 24 |
| Stakeholders | | |
| 102-40 | A list of stakeholders engaged by the reporting organization | 56 |
| 102-41 | Employees covered by collective agreement | As of 2019, there were no employees covered by collective contracts |
| 102-42 | The basis for identification and selection of the stakeholders engaged by the organization | 56 |
| 102-43 | Approach to engaging stakeholders, including the engagement frequency by the type and group of stakeholders | 57 |
| 102-44 | Key topics and issues raised by stakeholders and the response from the organisation, including by reporting on them | 57 |

| GRI indicator number | Indicator title | Page no. |
|----------------------------|---|---|
| Reporting practice | | |
| 102-45 | Reporting the entities included in the organization's consolidated financial statements | 79 |
| 102-46 | An explanation of the process for defining the report content and the topic boundaries | 79 |
| 102-47 | Material topic identified | 57 |
| 102-48 | Restatements of information | In 2018, we by mistake stated the value of a part of the 302-1 indicator for the Inter Cars S.A. Capital Group. The correct consumption value for the energy purchased for the Inter Cars S.A. Capital Group was 11 967,89 MWh. |
| 102-49 | Changes in reporting (material changes from previous reporting periods on significant topics and limits of aspects) | No material changes |
| 102-50 | Reporting period | 79 |
| 102-52 | Reporting cycle | 79 |
| 102-53 | Contact information | Aleksandra Pawłowska, Corporate Responsibility Manager, aleksandra.pawlowska@intercars.eu |
| 102-54 | The 'in accordance' option the organisation has chosen (Core or Comprehensive) | 79 |
| 102-55 | GRI content index | 80, 81 |
| 102-56 | Policy and current practice with regard to external assurance of the report | 79 |
| Management approach | | |
| 103-1 | Explanation of the material topics and their boundaries | 40, 45, 56, 69 |
| 103-2 | The management approach and its components | 40, 45, 69 |
| 103-3 | Evaluation of the management approach | 40, 45, 69 |

| GRI indicator number | Indicator title | Page no. |
|--|---|----------|
| Topic-specific disclosures | | |
| Economic disclosures | | |
| GRI 201: Economic performance | | |
| 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) | 14 |
| GRI 202: Market presence | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimal wage | 43 |
| 202-2 | Proportion of senior management hired from the local community | 43 |
| GRI 203: Counteracting corruption | | |
| 205-3 | Confirmed cases of corruption and actions taken | 14, 30 |
| GRI 206: Anti-competitive behaviour | | |
| 206-1 | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices | 14, 30 |
| Environmental disclosures | | |
| GRI 302: Energy 2016 | | |
| 302-1 | Energy consumption within the organization, including information on the type of resources | 70 |
| GRI 306: Sewage and waste | | |
| 306-2 | Total weight of waste by type and disposal method | 70 |
| Environmental disclosures | | |
| GRI 401: Employment | | |
| 401-1 | New hires and employee turnover | 45, 46 |
| GRI 404: Training and education | | |
| 404-1 | Average hours of training per year per employee | 45, 46 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews, by gender and employment category | 45 |
| GRI 406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | 14, 30 |

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

| Requirements | Section | Subsection |
|--|--|--|
| Business model description | Inter Cars - 30 years of partnership | Our business model |
| Description of managing risks identified as material | Value-based organization | Risk management and compliance |
| Description of policies, due diligence procedures and results related to the entity's operations with respect to employment issues | Value-based organization | Our management structure Risk management and compliance |
| | Work in Inter Cars | Our employees |
| Description of policies, due diligence procedures and results related to the entity's operations with respect to the environment | Credibility and positive social impact | Our environmental impact |
| Description of policies, due diligence procedures and results related to the entity's operations with respect to counteracting corruption | Value-based organization | Our management structure Risk management and compliance |
| Description of policies, due diligence procedures and results related to the entity's operations with respect to human rights. We define human rights as: the right to protect private life, freedom from degrading treatment, right to non-discrimination | Value-based organization | Our management structure Risk management and compliance |
| Description of policies, due diligence procedures and results related to the entity's operations with respect to social issues | Credibility and positive social impact | Our social impact |
| Key non-financial indicators related to the Inter Car Group's activity | 30 years of partnership | Key financial and non-financial indicators related to the Group's activity |

