

MANAGEMENT BOARD'S REPORT ON OPERATIONS OF TIRE COMPANY DEBICA S.A.

IN 2018



Drawn up pursuant to the Art. 70 of the Decree of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State.

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A letter of the President of the Management Board

Dear Sirs, Dear Shareholders,

I am presenting you an annual report in which we summarize in detail another year and key aspects of the operations of Tire Company Dębica S.A. and we discuss development prospects for the future.

In 2018 our Company generated sales revenues at the level of PLN 1,932 billion, down by 1.6% compared to the previous year, however, our sales to non-related entities went up by 9.5%. In 2018 we generated net profit totalling PLN 89.8 million, which was down by 24.9% compared to that in 2017.

Our financial performance was influenced by swelling operating costs: these included both external costs such as rising prices of raw materials, energy or gas, as well as internal costs caused, inter alia, by an increase in personnel costs or funds allocated for the maintenance of equipment.

However, I believe that in such a competitive environment like that in the tire business and facing the challenge of rising costs, we have once again managed to run activities in a profitable manner generating benefits for our shareholders. The benefits are in the form of regularly paid dividend - the Company paid such dividend last year. In this manner, from the beginning of our activities on the Warsaw Stock Exchange, that is since 1996, we have already transferred over PLN 1 billion to our shareholders.

In 2018, thanks to continuation of our strategic cooperation with Goodyear, the "made in Poland" tires made at our manufacturing plant are used on roads in many countries all over the world, mounted both in passenger cars and trucks. More importantly, out of the almost twenty million tires made annually by Tire Company Dębica SA, more and more tires belong to the premium segment, which is the most profitable market segments.

Thanks to the investment projects executed by us, we also enhance our capability to produce equally profitable tires with larger diameters of seating, but we do not forget about other sizes, which are still characterized by very high demand in the passenger car segment. In 2018, we also increased the production of tires for the first equipment of new cars from leading automotive concerns. It is one of the most prestigious branches of our production, confirming our ability to meet even the most demanding technological and quality requirements. Our extensive range of manufactured sizes and brands of truck tires, in the light of the growing market for this category of tires, allows us to look positively into the future, because truck tires represent an important share in total sales in value terms.

In our operations, we remember the significant role played by our employees. We are constantly working to make working conditions in our company attractive, provide stability and help in securing the health and future of the people we hired. Last year we expanded our benefits package last year into the Employee Pension Program, we help employees build their retirement future.

I would like to thank all our associates and business partners of Tire Company Dębica S.A. for another year of efforts and endeavours taken to develop further our Company.

I believe that in the months to come we will focus on building strong market position and we will achieve sustainable financial performance.

Yours truly,

Leszek Szafran

President of the Management Board

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Financial Highlights

Financial Highlights	'000 PLN		'000 EUR	
	2018	2017	2018	2017
Net sales of products, merchandise and materials	1,932,268	1,963,453	452,849	452,570
Operating profit /loss	99,622	122,391	23,347	28,834
Gross profit/loss	102,589	121,569	24,042	28,640
Gross profit/loss	89,752	119,574	21,034	28,170
Operational cash flows, net	184,991	212,405	43,355	50,040
Investment activity cash flows, net	(70,495)	(192,349)	(16,521)	(45,315)
Financial activity cash flows, net	(92,631)	(35,100)	(21,709)	(8,269)
Total cash flows, net	21,865	(15,044)	5,124	(3,544)
Total assets	1,688,646	1,648,632	392,708	395,270
Liabilities and provisions for liabilities	576,394	536,414	134,045	128,609
Long-term liabilities	3,995	3,105	929	744
Short-term liabilities	509,889	478,339	118,579	114,685
Equity	1,112,252	1,112,218	258,663	266,661
Share capital	110,422	110,422	25,680	26,474
No. of shares (pcs.)	13,802,750	13,802,750	13,802,750	13,802,750
Earnings (loss) per ordinary share (in PLN/EUR)	6.50	8.66	1.52	2.04
Diluted earnings (loss) per ordinary share (in PLN/EUR)	6.50	8.66	1.52	2.04
Book value per share (in PLN/EUR)	80.58	80.58	18.74	19.32
Diluted book value per share (in PLN/EUR)	80.58	80.58	18.74	19.32
Declared or paid dividend per share (in PLN/EUR)	6.50	2.35	1.49	0.56

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1. Comments on the financial performance

1.1. Net sales income and financial position

Net sales income:

In 2018 Tire Company Dębica S.A. generated net profit totalling PLN 89.8 million compared to PLN 119.6 million in 2017. The net profit was down by 24.9%.

Sales revenues totalled PLN 1,932.2 million, down by 1.6% compared to those in 2017.

Sales of Tire Company Dębica S.A. to related entities in 2018 generated revenues totalling PLN 1 713.8 million compared to PLN 1 764.0 million in the previous year. The sales revenues were down by PLN 50.2 million and 2.8% year-on-year. In 2018 sales to the Goodyear Group member companies accounted for 88.7% of the total sales, remaining at a similar level. Sales revenues from non-related entities totalled PLN 218.4 million and were up by 9.5% on a year-to-year basis.

The gross profit margin on sales to related entities in relation to 2018 revenues totalled 4.7% compared to 8.1% in 2017. The gross profit margin on sales to non-related entities in relation to revenues was up from 18.4% in 2017 to 19.7% in 2018.

Gross profit from total sales in 2018 amounted to PLN 123.6 million, down by 30.9% compared to 19.7% in 2018.

Financial position:

The costs of selling, general and administrative (SG&A) in 2018 totalled PLN 23.5 million compared to PLN 54.4 million in the previous year. The share of SG&A costs in total sales in value terms was down to 1.2% compared to 2.8% in the previous year.

The other operating income, net in 2018 was negative and totalled PLN (0.5) million and was up by PLN 1.6 million compared to 2017, mainly due to: lack of revenues for the CO2 emissions, i.e. PLN 3 million, gaining sales proceeds from disposal of fixed assets up by PLN 1.2 million, achieving a better performance with bad debts by PLN 1.3 million, restructuring costs up by PLN 1.8 million, inventory impairment losses on inventories down by PLN 1.4 million, costs of disposal of fixed assets down by PLN 1.5 million and other operating expenses down by PLN 1.0 million.

In 2018 operating profit totalled PLN 99.6 million compared to PLN 122.4 million in the previous year. It is PLN 22.8 million and down by 18.6% on a year-to-year basis. The margin at this level in relation to revenues fell by 5.2% compared to 6.2% in the previous year.

In 2018 financial activities generated a profit of PLN 3.0 million compared to a loss of PLN (0.8) million in the previous year.

Foreign exchange losses totalled PLN 0.4 million, compared to PLN 2.9 million in 2017.

Financial gains from free cash and cash equivalents totalled PLN 1.3 million, up by PLN 0.5 million compared to the previous year.

In 2018, dividend income totalling PLN 0.5 million was also generated. In 2017, financial revenues from shares in the amount of PLN 0.2 million were obtained.

The costs of discounting bills of exchange and other interest expense totalled PLN 2.9 million compared to PLN 2.4 million in the previous year.

Interest on loans granted to related entities generated income totalling PLN 4.5 million, up by PLN 1.0 million compared to 2017.

Pre-tax profit in 2018 totalled PLN 102.6 million, down by PLN 19.0 million compared to the previous year.

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The current portion of income tax totalled PLN 7 million and relates to taxed activities. The deferred part of income tax amounted to PLN 5.8 million. Thus, the total income tax amounted to PLN 12.8 million.

Pursuant to the held operational permit No. 134/ARP/2008 of 27 February 2008 for running business activities within the Euro-Park Mielec Special Economic Zone Tire Company Dębica S.A. is entitled to enjoy income tax relief up to 40.23 per cent of the discounted amount of capital expenditures spent on investment projects within the "Euro-Park Mielec" Special Economic Zone.

The Company met the requirements attached to the operational permit in December 2012 and starting from 2013 onwards is entitled to enjoy income tax relief for legal persons. By virtue of Decision No. 27/IW/16, issued by the Minister of Development, dated 14 January 2016, the held Operational Permit in the territory of the Euro-Park Mielec Special Economic Zone was amended in the section concerned with validity date. Consequently the validity date was deleted from the Operational Permit.

The amount of tax allowance due as of 31 December 2018 totalled to PLN 8.1 million in nominal terms and PLN 4.9 million in the discounted terms. Until the balance sheet date, the Company utilized the due tax allowance in the amount of PLN 129.8 million in nominal terms and PLN 86.9 million in the discounted terms.

The company adopted the assumption that during the period of utilization of the due tax allowance, all short-term transition differences as well as long-term transition differences planned to be realized at that time will be realized.

Based on current estimates, the tax allowance will be utilized in full in the Q1 2019. The Management Board does not believe there is any risk of failing to utilize tax allowance until the end of the Operational Permit validity period, i.e. until 31 December 2026.

The effective income tax rate in 2018 was 12.5%, compared to the statutory rate, which was 19%. It is the impact of the accounted for tax allowance for the completion of the investment project in the "Euro-Park Mielec" Special Economic Zone.

At the end of December 2018, fixed assets totalled PLN 799 million and were down by PLN 16.8 million during the year. Tangible fixed assets were down by PLN 19 million compared to 31 December 2017 and totalled PLN 789.7 million. Capital expenditures in 2018 totalled PLN 80.5 million, and depreciation of existing fixed assets totalled PLN 98.8 million. Deferred income tax assets totalled PLN 9.3 million compared to PLN 6.8 million as of 31 December 2017.

Current assets amounted to PLN 889.5 million and were up during four quarters of 2018 by PLN 56.9 million. Short-term receivables totalled PLN 354.6 million and were up by PLN 50.8 million (including: receivables from related entities by PLN 41.9 million, and from other entities PLN 8.9 million). As of the balancing date, 31 December 2018, inventories were down by PLN 16.1 million, down to the level of PLN 91 million.

In 2018 short-term financial assets went up by PLN 21.9 million and totalled PLN 442.4 million. The value of loans extended to related entities remained unchanged compared to the balance as of 31 December 2017 and totalled PLN 350 million, cash at bank was up by PLN 21.9 million.

Short-term prepayments were up slightly and as of the balancing date on 31 December 2018 they totalled PLN 1.5 million compared to PLN 1.2 million in the previous year.

As of 31 December 2018 the Company's assets amounted to PLN 1,688.6 million and were up in the four quarters of the year by PLN 40 million.

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As of 31 December 2018, liabilities and provisions for liabilities totalled PLN 576.4 million and in the course of 2018 they were up by PLN 40 million. Provisions for liabilities were up by PLN 7.5 million, mainly in the line "Provision for deferred tax", which was up by PLN 8.3 million.

Short-term liabilities were up by PLN 31.6 million, of which liabilities to related entities were down by PLN 35 million, and vis-à-vis other entities were up by PLN 66 million.

At the end of December 2018, the Company's equity totalled PLN 1 112.3 million and remained stable compared to the same period of the previous year (up by PLN 34 thousand). The reserve capital was up by PLN 29.9 million, i.e. by the value of the 2017 distributed profit. The net profit of the current year is down by PLN 29.8 million compared to that in 2017.

In 2018, the Company met its obligations on an on-going basis and there are no significant risks of timely fulfilment of its future obligations.

Financial instruments

As at the end of 2018, the Company had financial assets available for sale, i.e. shares in third party entities worth PLN 144 thousand.

In 2018, the Company granted five short-term loans to Goodyear S.A. with its registered office in Luxembourg with a total value of PLN 350 million.

The Company did not have any financial liabilities at the end of 2018.

1.2.Sales in value terms broken down by domestic market and exports

In 2018, the Company's sales totalled to PLN 1,932.2 million in value terms and it was down by PLN 31 185 thousand (1.6%) compared to the previous year 2017. Sales to export markets amounted to PLN 1 712.3 million and accounted for 88.6% of the total sales in value terms, of which 98.5% was sales to Goodyear Dunlop Tires Operations S.A. with its registered office in Luxembourg. The value of sales on the domestic market accounted for 11.4% of total sales revenues.

In 2017, sales to foreign markets accounted for 89.7%, and for the domestic market 10.7% of the total sales in value terms.

The major export markets for tires made by T.C. Dębica S.A., and then repurchased by Goodyear Dunlop Tires Operations S.A. included Luxembourg, Germany, Turkey, USA, Canada, France.

In 2018, Tire Company Dębica S.A. purchased from an Goodyear's related company - Orient Company Private Ltd. with its registered office in Singapore - natural rubber, whose equivalent of annual purchases was equal to 10% of the Company's net sales; in 2017 - 10.8%.

On the other hand, the annual value of synthetic rubber purchased from a related company Goodyear Akron in the USA accounted for 1.8% of net sales; in 2017 - 2.5%

Change of rules of co-operation with the Goodyear Group

In 2018, the rules of cooperation with the Goodyear Group changed, which was announced by the Company in its Current Report No. 2/2018, according to which the Company provides Goodyear Dunlop Tires Operations S.A. with registered office in Luxembourg, registered in Poland for VAT purposes, all manufactured tires of brands owned by the Goodyear Group, at market prices determined in accordance with the Goodyear Group's transfer pricing policy, according to which prices are set so that the Company's profit from the sale of tires reaches the equivalent of the market margin.

In addition, the Company may sell to Goodyear Dunlop Tires Operations S.A. tires made by the Company under brands owned by the Company. The sale of such tires to Goodyear Dunlop Tires Operations S.A. is also settled in accordance with the Goodyear Group's transfer pricing policy, under

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which prices will be set in such a manner that the Company's tire sales profit reaches the equivalent of the market margin. The Company has an option (but not an obligation), if necessary, to buy tires manufactured under the brands belonging to the Company from Goodyear Dunlop Tires Operations S.A. for resale.

- **Goodyear Dunlop Tires Operations S.A.** with its registered office in Colmar-Berg, Luxembourg is a related entity of the Company and a subsidiary of Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg ('Goodyear S.A.')
- **Goodyear S.A.**, is an entity controlling the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it holds indirectly 81.396% of the Company's shares.
- The parent company of Goodyear S.A. is Goodyear Tire and Rubber Company based in Akron, Ohio, USA. ("Goodyear T & R", and with subsidiaries (excluding the Company) as "**Goodyear Group**")

The Management Board estimates that the change in the terms of cooperation had a positive impact on the Company's net profit in 2018 and totalled approximately PLN 6 million.

1.3.Share of product categories in total sales

Tire Company Dębica S.A. is a manufacturer of passenger, commercial and truck tires. It offers a wide range of products to cater for various customers' needs related to:

- variable weather conditions – the offer comprises summer, winter and all-season tires,
- varied road surfaces,
- driving style (for long or short routes, smooth or dynamic driving),
- car brand - the Company delivers tires for to the OEMs making leading automotive brands,
- financial capabilities (economy, middle or premium class).

The Company manufactures tires under its own brand and under other brands of the Goodyear corporation, such as: Goodyear, Dunlop, Fulda, Sava. The Company is also a manufacturers of curing membranes designed for tire making.

	Sales volume in '000 units	Sales in value terms in '000 PLN	Share in sales in value terms	Change in sales volume 2018 vs. 2017	Change in sales value 2018 vs. 2017
Passenger, commercial, truck and industrial tires	16,368	1,807,565	93.5%	4.2%	(2.3%)
Other sales		124,702	6.5%		10.0%
Total	16,368	1,932,267	100.0%	4.2%	(1.6)%

1.4. Investments and expected growth

In 2018 capital expenditures totalled PLN 80.5 million and focused mainly on the following areas:

- a) purchase of equipment and machinery that enable the Debica plant to manufacture technologically advanced products and secure the superior quality;
- b) actions aimed at generating savings, improvement of production efficiency, compliance with OH&S and fire safety requirements;
- c) purchase and upgrading of manufacturing accessories.

The capital expenditures and further development of the product offer in 2018 allowed to continue the strategy of sustainable business growth paralleled by brand development. In 2019 the Company does

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not expect any hardships with financing of capital expenditures. Own funds coming from generated operational cash flows allow to finance safely planned capital expenditures in 2019.

Expected development

Tire Company Dębica S.A. plans to develop its activities based on further development of its supreme quality passenger, commercial and truck tires, using strategic business relations with the Goodyear Group, which has been the major customer for Company products for many years now.

Passenger tires

Thanks to investment projects underway, Tire Company Dębica S.A. is enhancing its production capacity of premium tires with higher and higher bead seating diameters, which means 17 inch and higher and very high speed indices that are ranked among the most profitable market segments of tire business. The production of OEM tires is also being developed. Such tires are used in brand new cars of the largest automotive brands in the world. In combination with the production of a wide range of tire sizes and tire brands of other sizes, which are still in demand, the Company is able to meet the challenges of the dynamically evolving passenger tire market.

Truck tires

Tire Company Dębica S.A. responding to market demand for technically advanced high quality truck tires, it modernizes and develops its production capacity in truck tire segment, offering a wide range of sizes and brands. The capital expenditures spent in recent years on truck tire production capacity enhancement allowed the Company to expand the range of these truck tires in order to ensure Company's competitive edge in the market.

Characteristics of external and internal drivers material to the Company development:

Internal drivers:

- a) high quality standards - developing Company capabilities to make the highest quality passenger, commercial and truck tires;
- b) extended product portfolio - development of the product offer with new sizes and tire models;
- c) technologies used - application of technological solutions that meet the growing demands of the customers and market expectations;
- d) optimization of manufacturing process – carrying out activities aimed at the most advantageous utilization of production capacities while maintaining the highest standards of personnel safety and product quality;
- e) securing of qualified personnel - taking care for an appropriate headcount level and development of employee qualifications.

External drivers:

- a) macroeconomic situation - the condition of the economy and its impact on the financial situation of customers and consumers;
- b) development of the automotive industry - dynamics of car production and sales;
- c) business competitiveness - responding to challenges related to the growing competitiveness of the tire business;
- d) operating costs - the impact of costs related to the operations of the manufacturing plant;
- e) costs of raw materials - changes in raw material prices that translate into the Company's operating costs.

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1.5. Situation in tire business

According to the data of the Polish Tire Industry Association (PZPO), in 2018, tire manufacturers and importers in Poland recorded a 1% decline in the sales of passenger tires.

In the truck tire segment, sales was up by 22%. The volume of SUV tires sold also went up (+ 12%). The upward trend was also recorded in all-season tire segment, with the sales growth rate reaching as much as 49%.

2018 data from the European Tire & Rubber Manufacturers' Association (ETRMA) confirms the stability of the market throughout Europe, where growth in winter and all-season tire sales segments were recorded and high growth in truck tire sales in several European countries.¹

2. Financial risk management

Under financial risk management policy, Tire Company "Dębica" S.A. has identified the following risks and has set the following goals and methods to manage the identified risks.

Non-financial risks are described in the section titled "Managing risks associated with the company's operations affecting non-financial issues" in the "2018 Statement on Non-Financial Information" representing a separate part of this Report.

2.1. Credit risk

The credit risk implied by the type and scope of run business activities, may involve growing level of unrecoverable debts, being a result of necessary sales crediting, driven by market environment. The Company limits credit risk exposure to trade receivables through evaluation and monitoring of financial standing of contractors, setting credit limits and securing liability payments. Additionally since July 2015, the Company has been insuring its receivables. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.).

One of the key elements of the credit risk management process is an on-going monitoring of the receivables and an internal reporting system. The Company focuses on securing its payments, both on formal and legal grounds (i.e. bill of exchange, mortgage, pledge), and also on subject matter grounds (i.e. improvement of supply logistics, deepening of the evaluation of the customers' financial standing etc.). Consequently, if well managed, this area is capable of generating an added value.

Despite such risk concentration, it is estimated that given the historical data available and the long-term cooperation with customers, as well as the security measures applied, the credit risk is relatively low. Consequently, if well managed, this area is capable of generating an added value.

According to Company's Management Board, the level of financial risk connected with debt collection is low.

2.2. Liquidity risk

Owing to the fact that the Company operates as a member of an international capital group and is characterized by a relatively high profitability, there is no material risk of liquidity loss. In relation to the above the Company does not use any instruments hedging against liquidity loss. The company finances its operations mainly with cash flows generated by itself.

¹ <https://pzpo.org.pl/aktualnosci/sprzedaz%20C5%BC-opon-w-2018-roku.html>, accessed on 25 March 2019

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2.3. Foreign exchange risk

The Company is exposed to foreign currency exchange rate fluctuations connected with exports of finished goods and imports of raw materials. However, the Company's long-term financial strategy does not provide for foreign exchange hedging instruments and hence the Company applies natural hedging. Export earnings are spent mostly to purchase imported materials. In long-term this policy produces positive results.

2.4. Interest rate risk

In 2018, the Company was bound by contracts providing for an overdraft facility in the current account for a total amount of PLN 175 million. No overdraft was recorded on the account as of 31 December 2018. The Company maintained liquidity and financing stability. The Company did not bear any material interest expenses, and therefore the Management Board believes that the risk related to interest rate fluctuations has no material bearing on the Company.

2.5. Market risk

Market risk management and conforming to the Company's policy in this respect is the responsibility of the Management Board.

The Company manages market risk through taking effective decisions about the maintenance of its market position, implementation of new, strategic projects aimed at prospecting new markets, new and attractive product launches.

The Management Board does not anticipate any significant disturbances to the cash flows nor does it anticipate losing financial liquidity.

Within the accounting year T.C. Dębica S.A. maintains its indebtedness at a safe level and diversifies the risk related to its debt and operations by cooperating with four banks.

In 2018, the Company maintained high financial liquidity and low indebtedness levels.

Deterioration of the Company's financial liquidity may affect its customers and its ability to repay its debts. The worsening operational conditions of customers may have impact on the cash flow projections and evaluation of the assets impairment. To the extent information was available, the Management Board took into consideration the revised estimates of expected future cash flows in its assessment of assets impairment.

3. Corporate Governance

3.1. A set of corporate governance rules

The Company's Management Board states that Tire Company Dębica S.A., that since its listing on the Warsaw Stock Exchange since 1994, it has complied with the corporate governance rules set forth in the "Code of Best Practice for WSE Listed Companies 2016", representing an appendix to the Resolution No. 26/1413/2015 of the Stock Exchange Council of 13 October 2015, published on the website <http://www.gpw.pl>.

In connection with the entry into force of the document "Code of Best Practice for WSE Listed Companies 2016" on 8 June 2016, on 8 June 2016, the Company filed a statement via the EBI system - information on the application of the recommendations and principles by the Company, provided for in the file "Code for Best Practice for WSE Listed Companies 2016".

The aforementioned statement was published on the corporate website at: http://debica.com.pl/relacje-inwestorskie/lad_korporacyjny.

The Company's Management Board, appreciating the significance of corporate governance rules laid down in this document and the role played by the rules in strengthening the transparency of listed

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companies, has taken its best efforts to ensure that the rules in question are applied in the Company to the widest possible extent.

3.2. Rules of corporate governance not applied

Below, the Management Board presents the rules contained in the "Code of Best Practice for WSE Listed Companies", which the Company abandoned in 2018, together with the rationale for such abandonment.

The Company did not apply the Recommendation No. III.R.1. the separation in the Company structure of entities responsible for the implementation of tasks in particular systems or functions, because their separation is not justified due to the type of activity run by the Company.

The Company did not follow the Recommendation No. IV.R.2 in the scope of enabling shareholders to participate in the General Meeting using the electronic communication means, if it is justified due to the shareholding structure or the expectations of shareholders reported to the Company and if the Company is able to provide the technical infrastructure necessary to hold efficiently the General Meeting using the electronic communication means, because the Management Board believes that there is no need to broadcast the General Meetings or ensure two-way communication in real time and such expectations have not been reported to the Company.

The Company did not follow the Recommendation No. IV.R.3. with respect to the Company's efforts to ensure that when the Company's securities issued are traded in different countries or in different markets and legal systems, corporate actions related to the acquisition of shareholder's rights take place at the same dates in all countries where they are listed, because the securities issued by the Company are listed exclusively in Poland, on the Warsaw Stock Exchange (WSE), and therefore the recommendation does not apply to the Company

The Company did not apply the recommendation no. VI.R.3. in the scope of applying the II.Z.7 rule to the remuneration committee, because the remuneration committee does not function in the Supervisory Board, therefore the recommendation does not apply to the Company.

The Company did not apply the detailed rule no. I.Z.1.3. in the scope of publishing on the Company's corporate website the scheme of division of tasks and responsibilities between the members of the Management Board drawn up in accordance with rule II.Z.1., because the Company has not yet developed a detailed division of responsibility for particular areas of the Company's activity among the members of the Management Board, therefore the information is not published on the website.

The Company did not apply the specific rule no. I.Z.1.7. with regard to posting on the Company's corporate website information materials on the Company's strategy, as the Company does not publish information on the strategy.

The Company did not apply the specific rule no. I.Z.1.8. with respect to publishing on the Company's corporate website selected financial data of the Company for the last 5 years of its operations in a format enabling the processing of such data by their recipients, as the data are made available together with a periodical report for a given reporting period, which reports are available on the Company's website.

The Company did not apply the detailed Rule No. I.Z.1.10. with regard to the posting on the corporate website the financial forecasts published in the last 5 years together with information about forecast fulfilment rate, as the Company does not publish financial forecasts.

The Company did not apply specific Rule No. I.Z.1.15. with regard to the posting on the corporate website a description of the Company's diversity policy applicable to the Company's authorities and its key managers, as the Company has not developed and is not implementing a diversity policy.

The Company did not apply the detailed Rule No. I.Z.1.16. with regard to the posting on the corporate website information on the planned broadcasting of the General Meeting minimum 7 days before such

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broadcasting date, because the Company does not broadcast the General Meeting, and thus does not publish this information on the website.

The Company did not apply the specific Rule No. I.Z.1.19. with regard to posting on the corporate website shareholders' questions addressed to the Management Board pursuant to Art. 428, § 1 or § 6 of the Commercial Companies' Code along with the Management Board's answers to the questions asked, or detailed indication of the reasons for the failure to answer the questions following the Rule IV.Z.13, because answers to the questions asked outside the General Meetings are published on the website in the Investor Relations/Reports/Current tab and the Company does not publish them in a separate section of the website.

The Company did not apply the specific Rule No. I.Z.1.20. with regard to posting on the Company's corporate website a record of the General Meeting in audio or video format, because due to the costs of recording and publishing the recordings of General Meetings on the Company's website, the Company decided to limit itself to the previously applied transparent and effective information policy concerning the course of the Meeting.

The Company did not apply the specific Rule No. II.Z.1. with regard to unambiguously and transparently formulating the internal division of responsibility for particular areas of the Company's activity among Management Board members and the publication of this scheme on the corporate website, because the Company has not yet developed a detailed breakdown of responsibilities for particular areas of the Company's activities among Management Board members, and thus the information is not published on its website.

The Company did not apply the specific Rule No. II.Z.2. with regard to the sitting on the Company's Management Board members in the management or supervisory boards of non-member companies of the Capital Group with the consent of the Supervisory Board, because the Supervisory Board assesses each time whether sitting on the management or supervisory boards of the non-member company of the Capital Group causes a conflict of interest.

The Company did not apply the specific Rule No. II.Z.7. with regard to the application of Appendix I to the Recommendation of the European Commission, referred to in the Rule II.Z.4. to the tasks and functioning of committees operating in the Supervisory Board in the event that the function of the audit committee is performed by the Supervisory Board, because the Company has an audit committee, the composition and functioning of which is regulated by the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision, which entered into force on 21 June 2017.

The Company did not apply the specific Rule No. II.Z.8. with regard to the compliance of the audit committee chairman with the criteria of independence indicated in the Rule II.Z.4, because the audit committee chairman meets the requirements of independence specified in the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision.

The Company did not apply the specific Rule No. III.Z.2. with regard to the direct reporting of persons responsible for risk management, internal audit and compliance with the President or another Management Board member, as well as providing them with an option of reporting directly to the Supervisory Board or audit committee, because there was no organizational separation of internal audit, and thus it is not possible to apply this rule.

The Company did not apply the specific Rule No. III.Z.3. with regard to the application to the person in charge of the internal audit function and other persons responsible for the performance of Company's tasks, the rules of independence specified in the generally recognized international standards of professional practice of internal audit, because there was no organizational separation of internal audit, and thus it is not possible to apply this rule.

The Company did not apply the specific Rule No. III.Z.4. with regard to the presentation to the Supervisory Board by a person responsible for internal audit and the Management Board, at least once

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a year, their own assessment of the effectiveness of the systems and functions, referred to in the Rule III.Z.1. along with a relevant report, because there was no organizational separation of internal audit, and thus it is not possible to apply this rule.

The Company did not apply the specific Rule No. IV.Z.2. with respect to ensuring more widely available transmission of the General Meeting in real time, if it is justified due to the shareholding structure of the Company, because in the Company's opinion the commonly available broadcasting of the General Meeting in real time is not expected by the shareholders

The Company did not apply the specific Rule No. IV.Z.12. with regard to the presentation by the Management Board to the participants of the General Meeting of the Company's financial performance and other important information provided in the financial statements subject to approval by the General Meeting of Shareholders, because the Management Board does not present the participants of the Ordinary General Meeting of Shareholders with presentations. The shareholders receive written financial statements and an annual report. The President of the Management Board reads at the General Meeting the letter to shareholders contained in the annual report, in which he generally discusses the Company's situation, including its financial standing.

The Company did not apply detailed Rule No. V.Z.6. with regard to defining in internal regulations the criteria and circumstances in which a conflict of interest may arise in the Company, as well as the operational rules applicable to the conflicts of interest or a risk of their occurrence, because the Company does not have formalised in-house regulations specifying the criteria and circumstances in which a conflict of interest may arise in the Company, as well as indicating the operational rules in the event of its appearance or a risk of its occurrence

The Company did not apply the detailed Rule No. VI.Z.1. with regard to the design of incentive schemes in such manner that, inter alia, the level of remuneration of Management Board members and its key managers depends on the actual, long-term financial situation of the Company and the long-term growth of shareholders' value and stability of the Company's operations, as there are no incentive schemes in the Company.

The Company did not apply the detailed Rule No. VI.Z.2 with regard to the period between the granting of options or other instruments related to the Company's shares under the incentive scheme and an option of their exercise, because the Company does not have share-based incentive schemes, therefore the rule does not apply to the Company.

The Company did not apply the specific Rule No. VI.Z.4. with respect to the presentation of a report on the remuneration policy in the Report on the Company's operations, because it provides the remuneration of each member of the Management Board, but does not describe the remuneration policy.

3.3. Governing bodies and shareholding

3.3.1 Shareholding structure and changes

According to the information in the Company possession as of 31 December 2018 and as at the date of drawing up 2018 Annual Report, the shareholders holding over 5% of shareholders' equity and at least 5% of votes at the General Meeting of Shareholders comprised:

- **Goodyear Holdings S.à.r.l.** with its registered office in Luxembourg, holding 11,234,912 shares accounting for 81.396% of the Company's shareholders' equity, with the right to 11 34 912 votes

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at the Company's General Meeting of Shareholders, accounting approximately for 81.396% of the total number of votes at the Company's General Meeting of Shareholders.²

- **Investment funds managed by Rockbridge TFI S.A.** with its registered office in Warsaw, holding 807,483 shares accounting for 5.85% of the Company's shareholders' equity, with the right to 807,483 votes at the Company's General Meeting of Shareholders, accounting for approx. 5.85% of the total number of votes at the Company's General Meeting of Shareholders.³

Shareholder	Shares	% in the capital	% votes
Goodyear Holdings S.à.r.l.	11 234 912	81,40%	81,40%
Investment Funds managed by Rockbridge TFI S.A.	807 483	5,85%	5,85%
Free float	1 760 355	12,75%	12,75%
Total	13 802 750	100%	100%

Changes in the shareholding structure in 2018:

On **28 September 2018** Altus Towarzystwo Funduszy Inwestycyjnych S.A., informed that the threshold of 5% of votes in the total number of votes at the Company's General Meeting, was exceeded by the investment funds managed by Altus TFI S.A. (Current Report No. 3/2018)

On **28 September 2018** Goodyear Holdings S.à.r.l. notified about the transaction (Current Report No. 20/2018), as a result of which:

- Goodyear Holdings S.à.r.l. acquired directly;
- Goodyear SA sold directly and at the same time, through Goodyear Holdings S.à.r.l., acquired indirectly; and
- Goodyear Tire and Rubber Company, through its direct and indirect subsidiaries Goodyear SA and Goodyear Holdings S.à.r.l., acquired indirectly 11.234.912 (eleven million two hundred thirty four thousand nine hundred and twelve) ordinary bearer shares in the Company, accounting approximately for 81.396% of the shareholders' equity of the Company and giving right to 11.234.912 (eleven million two hundred thirty four thousand nine hundred and twelve) votes at the Company's General Meeting of Shareholders, accounting approximately for 81.396% of the total number of votes at the Company's General Meeting of Shareholders:

² Source: Current Report No. 20/2018: Receipt of notification form Goodyear Group member companies about the change of holding status referring to Company shares in relation to the intragroup transaction, Publication date: 28 September 2018

³ Source: Current Report No. 35/2018: Receipt of notification from Rockbridge TFI S.A. about exceeding of 5% threshold in the total number of votes in the Company.

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- Goodyear Holdings S.à.r.l. exceeded the threshold for holding shares entitling to 75% of votes at the Company's General Meeting of Shareholders;

- due to the intragroup nature of the Deal, the indirect holding of shares and votes in the Company by Goodyear SA after the Deal is the same as its direct holding of shares and votes in the Company before the Deal;

On **28 September 2018** Altus Towarzystwo Funduszy Inwestycyjnych S.A., informed about the reduction of its shareholding below the 5% threshold in the total number of votes in the Company by investment funds managed by Altus TFI S.A. (Current Report No. 33/2018);

On **28 September 2018** Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A., informed that the threshold of 5% of votes in the total number of votes of the Company was exceeded by investment funds managed by Rockbridge TFI S.A. (Current Report No. 35/2018);

3.3.2 Special control rights and restrictions on voting rights and the assignment of rights attached to securities

The Company shares are not subject to any constraints imposed on the assignment of ownership title to its securities; neither do any constraints exist on the exercise of voting rights, such a limitation of the exercising of voting rights by the holders of a certain part, or number, of votes, or time constraints concerning the exercising of voting rights, or clauses, under which, in collaboration with the Company, rights attached to securities would be separate from securities held. The Company has issued no securities with special control rights.

The Issuer has no knowledge of any contracts that could lead, in the future, to changes in the proportions of shares held by the current shareholders.

The Company has no control system for the employee equity ownership plans.

The Company Statutes provide for any special principles for amending the Statutes that can be followed pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code.

3.3.3 Dividend

On 14 June 2018, the General Meeting of Shareholders decided to allocate PLN 89,717.875,00 for the shareholders' dividend in the amount of PLN 6.50 per share, determining the date for acquisition of right to the payment of dividend from 2017 profit (dividend record date) at 14 September 2018.

The dividend payment date was set at 14 December 2018. The dividend payment was made on time.

3.4 Statute and statutory authorities

3.4.1 Amendments to the Statute

The Company Statute provide for any special principles for amending the Statute that can be followed pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code

The Company's Extraordinary General Meeting of Shareholders convened for 25 September 2018 and continued on 12 October and 23 October 2018, adopted a resolution to amend the Statute and to authorize the Company's Management Board to increase the Company's shareholders' equity under the statutory capital with an option for the Management Board to exclude pre-emptive rights of the current Company shareholders, in whole or in part, with the consent of the Company's Supervisory Board, that was reported by the Company in the Current Report No. 28/2018

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In connection with a claim lodged for declaration of invalidity / cancellation of the Resolution of the Extraordinary General Meeting of Shareholders, adopted on 23 October 2018 and granting security for the claim lodged against the Company, the Court's Decision of 13 November 2018 secured the claim of Funds managed by Altus TFI S.A., by suspending, *inter alia*, the execution and effectiveness and suspending any legal effects of the Resolution until the final conclusion of the proceedings to cancel the resolution, about which the Company informed in the Current Report No. 31/2018

Description of rules regarding the appointment and dismissal of managing persons and their rights, in particular the right to make decisions on the issue or buyout of shares, and a description of the activities of management, supervision or administrative bodies of the issuer and their committees.

3.4.2 Management Board

The Company's Management Board comprises from 3 to 7 members. A Management Board member shall not hold office for more than three years (term of office).

Management Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires not later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced. Management Board members may be re-appointed to serve another term of office. The Supervisory Board determines the number of Management Board members. The Supervisory Board appoints and dismisses the President and other members of the Management Board. The mandate of the Management Board member expires as a result of the lapse of the term of office, death, resignation or dismissal. Resignation is effective from the moment when a written statement thereof is submitted to the Company, or at a later date, as indicated in that statement. The date indicated may be no later than 30 days from the day on which the written statement was submitted to the Company.

If the date indicated is later than 30 days from the date of submission, the resignation takes effect upon the lapse of 30 days from the date on which the written statement is submitted to the Company

In the employment contracts and other contracts between Company and Management Board members, as well as in disputes with the latter, the Company is represented by the Chairman of the Supervisory Board. The establishing of remuneration principles and other terms and conditions of such contracts lies within the sole power of the Chairman of the Supervisory Board.

The Management Board conducts the Company's business and represents the Company.

The powers of the Management Board shall include all matters not specifically reserved, by a parliamentary act or these Statutes, for the competences of the General Meeting of Shareholders or the Supervisory Board. The Management Board acts in accordance with the detailed provisions of the Management Board's Operational By-Laws. The By-Laws are adopted by the Management Board and approved by a resolution of the Supervisory Board. The Management Board's Operational By-Laws have been published on the Company's website at www.debica.com.pl.

Statements on behalf of the Company may be made by two Members of the Management Board, acting jointly, or by one Member of the Management Board acting jointly with the Holder of a General Commercial Power of Attorney. All the Management Board members are obliged and entitled to run the Company's business jointly.

On 14 June 2018 the Company's Management Board appointed the following persons to sit on the Management Board during its 20th term of office:

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Management Board:

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	A Management Board member
Michał Mędrak	A Management Board Member
Paweł Miłoszewski	A Management Board member
Mirosław Maziarka	A Management Board member

The Management Board composition valid as of 31 December 2018.

Management Board:

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	A Management Board member
Michał Mędrak	A Management Board member
Mirosław Maziarka	A Management Board member

Changes that took place in the accounting year:

On 28 September 2018 Paweł Miłoszewski resigned from his position of a member of the Management Board of Tire Company Dębica S.A (Current Report 30/2018).

3.4.3. Supervisory Board

The Supervisory Board comprises from 5 to 9 members; the number of Supervisory Board members for a given term of office is determined by the General Meeting of Shareholders by virtue of a resolution. The Supervisory Board members are appointed by the General Meeting of Shareholders; however, the Company's employees appoint one representative. A Supervisory Board member shall not hold office for more than one year (a single term of office). The same person may be re-appointed for another term of office. Supervisory Board members are appointed for a common term of office. The term of office starts on the day of appointment and expires no later than on the day on which the General Meeting of Shareholders is convened to approve the financial statement for the year in which the term of office has commenced.

The detailed operational rules of the Supervisory Board are defined in the Statutes and the Supervisory Board's Operational By-Laws, adopted by the Supervisory Board. The Supervisory Board's Operational By-Laws have been published on the Company's Website www.debica.com.pl. The Supervisory Board shall exercise supervision over the Company's activities in every field of its endeavours.

Besides those matters reserved by the provisions of the Company's Statutes, the Supervisory Board shall be entitled to:

- examine the financial statement,
- examine the Management Board's Report, as well as the Management Board's motions as to the distribution of profit or the coverage of loss,
- submit a written report on the results of the actions referred to in subparagraphs 1 and 2 to the General Meeting of Shareholders,
- approve the establishment of, or participation in, a company or syndicate,

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- approve the acquisition or disposal of shares or interests in other companies or the acquisition of their affiliates by the Company,
- approve the sale of an organized part of the Company's assets, save for the stipulations of Article 393, paragraphs 3 and 4 of the Polish Code of Commercial Partnerships and Companies,
- approve the performance of other legal actions, which may be of binding force, or may enable the management the Company's fixed assets, including the acquisition or disposal of real estate, if the value of a single legal action should exceed the PLN equivalent of US\$ 500,000 (in words: five hundred thousand US dollars) or in the case of interconnected actions executed within consecutive 12 months and exceeding the PLN equivalent of US\$ 1,000,000 (in words: one million US dollars), the concluding of management contracts, joint investment contracts, license contracts or long-term co-operation contracts and the establishment of patent companies,
- approve the pledging of the Company's assets with a value exceeding the PLN equivalent of US\$ 1,000,000 (that is: one million US dollars), or the extension of a guarantee amounting to the same sum, for a term of 12 consecutive months,
- establish the remuneration for Supervisory Board members who have temporarily been assigned to perform the functions of Management Board members;
- written opinions on motions submitted to the General Meeting of Shareholders concerning the matters covered in Article 26, par. 1 of the Company's Statutes;
- suspend either individual, or all, members of the Management Board from their duties, on serious grounds;
- assign one or more of its members to the temporary performance of the duties of the Management Board in the case of the suspension or removal of individual, or all, members of the Management Board or when, for other reasons, the Management Board is unable to perform its functions;
- approve the Management Board's Operational By-Laws;
- appoint an auditor to audit the Company's financial statements,
- approve Company's Operational By-Laws.

The Supervisory Board may appoint standing or ad hoc committees acting as collective advisory and opinion forming Supervisory Board bodies. In the resolution on the appointment of a Committee, the Supervisory Board specifies the scope of a given Committee's operations and responsibilities.

The Supervisory Board Committees appointed by the Supervisory Board submit reports to the Supervisory Board on their activities, by the deadlines indicated in the resolution on the appointment of a given Committee. The Supervisory Board appoints the members of the Committee from amongst its members. The members of a Committee elect the Chairman of the Committee from amongst its members by virtue of a resolution.

A Committee shall consist of at least two members. The Chairman of the Supervisory Board, or another Supervisory Board Member designated by the Chairman, convenes the first meeting of the Committee. The Committee Chairman directs the work of the Committee. The Committee chairman exercises supervision over the drafting of the agenda, the organization of document distribution, and the drawing up of the minutes of the Committee meetings, availing himself of the assistance of the Company's Management Board office in this respect. The Committee's meetings are convened by the Committee Chairman and, during his absence or his inability to perform this function, by the Supervisory Board Chairman or another Supervisory Board Member designated by the Chairman, who invites Committee members to the meeting and notifies all the remaining Supervisory Board Members of the meeting. All Supervisory Board Members are entitled to attend the Committee meeting. The Supervisory Board members should be notified of the convention of the meeting no later than 7 (seven) days before the Committee meeting and, in an emergency, not later than 3 (three) days before the Committee meeting.

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The Committee Chairman may invite Management Board members, Company associates and other persons to the Committee meeting, in as much as their participation in the meeting is useful for the performance of the Committee's tasks. The Committee's resolutions are adopted by an ordinary majority of the votes cast. Committee members may vote on the adoption of a resolution in person, by taking part in the Committee meeting, or remotely.

The Minutes of a Committee meeting are drawn up and should be signed by the Supervisory Board members present at the Committee meeting. The Minutes should contain the resolutions, motions and Committee reports. The Minutes of the Committee meetings are kept on the Company's premises. The copies of the Minutes are forwarded to all Supervisory Board members. The Committee Chairman, or a person indicated by the Chairman, is authorized to submit motions to the Supervisory Board on the Supervisory Board's adoption of resolutions, on the preparation of expert opinions or other opinions on the scope of assignments, or on the appointment of an advisor, as required by the Committee.

On December 31, 2017, the Supervisory Board performed duties in the following composition:

Jacek Pryczek	Chairman of the Supervisory Board
Dominikus Golsong	Member of the Supervisory Board, Vice Chairman of the Supervisory Board
Leszek Cichocki	Member of the Supervisory Board
Maciej Mataczyński	Secretary of the Supervisory Board
Renata Kowalska - Andres	Member of the Supervisory Board
Łukasz Rędziniak	Member of the Supervisory Board
Janusz Raś	Member of the Supervisory Board

On 14 June 2018 the General Meeting of Shareholders adopted a resolution on the appointment of the following persons to the Supervisory Board:

Supervisory Board

Jacek Pryczek	Chairman of the Supervisory Board
Dominikus Golsong	A Supervisory Board member, Deputy Chairman
Leszek Cichocki	A Supervisory Board member
Maciej Mataczyński	A Secretary of the Supervisory Board
Renata Kowalska – Andres	A Supervisory Board member
Łukasz Rędziniak	A Supervisory Board member

Pursuant to §14 of the Company Statutes the Company personnel, elected Mr Janusz Raś during the elections of the Supervisory Board member of the Company for the term of office starting from 14 June 2018.

Pursuant to §14, par. 1 of the Company Statutes the Supervisory Board members are appointed for a joint term of office.

• **Supervisory Board composition as of 31 December 2018**

Jacek Pryczek	Chairman of the Supervisory Board
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Dominikus Golsong	A Supervisory Board member, Deputy Chairman
Leszek Cichocki	A Supervisory Board member
Maciej Mataczyński	A Secretary of the Supervisory Board
Renata Kowalska – Andres	A Supervisory Board member
Łukasz Rędziniak	A Supervisory Board member
Janusz Raś	A Supervisory Board member

Changes occurring in 2019 until the preparation of the annual report for 2018:

April 12, 2019: Resignation of Leszek Cichocki from the position of a Member of the Supervisory Board of the Company with immediate effect (Current Report 7/2019)

Audit Committee

The Standing Audit Committee reports to the Supervisory Board. The Audit Committee consists of at least three members, appointed and dismissed by the Supervisory Board from amongst its members. The composition of the Audit Committee shall include at least one member who meets the criterion of independence and has qualifications in the field of accounting or financial audit, as required in Act of on statutory auditors, audit firms and public supervision.

The financial statements are drawn up by the Company's Financial Controller and the supervision of this process is exercised by the Company's Management Board. The Supervisory Board of T.C. Dębica S.A. has set up a Standing Audit Committee of the Supervisory Board pursuant to the requirements of Act of on statutory auditors, audit firms and public supervision.

The Audit Committee responsibilities include:

- to monitor the financial reporting process;
- to monitor the efficiency of the internal control, internal audit and risk management systems;
- to monitor the performance of the financial audit activities,
- to monitor the independence of the entity entitled to audit financial statements;
- to inform the Company's Supervisory Board about audit findings and to explain how the audit contributed to the reliability of financial reporting at the Company, and what was the role of the Audit Committee in the audit process;
- to assess the independence of the auditor and to give consent to the provision of permitted non-audit services to the Company;
- to develop a policy of auditing firm appointment to carry out the audit of Financial Statement;
- to develop a policy by the auditing firm to carry out the audit, by entities related to this auditing firm and by a member of the auditing company's network of permitted non-audit services;
- to define the procedure for auditing firm appointment;
- to submit recommendations to competent authorities and internal units of the Company (including in particular the Supervisory Board and the Management Board) aimed at ensuring the reliability of the financial reporting process at the Company;
- to recommend the Supervisory Board an entity entitled to audit financial statements or to perform financial auditing activities at the Company;
- to analyse written information received from the entity entitled to audit financial statements on significant issues pertaining to financial auditing and passing to the Supervisory Board the position of the Audit Committee on this matter.

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Composition of the Supervisory Board's Audit Committee as of 31 December 2018

In 2018, there were no changes in the composition of the Audit Committee.

Maciej Mataczyński – Chairman of the Audit Committee

Holds a PhD degree in law, an attorney-at-law, professor at the Adam Mickiewicz University in the City Poznan, Poland, managing partner at SMM Legal Office in Warsaw. An author of several dozen legal publications, published in Poland and abroad. Maciej Mataczyński has been a member of the Supervisory Board of the Company for over 9 years and as a part of this function he gained knowledge and skills in the tire industry. He complies with the independence criterion.

Łukasz Rzędziński – An Audit Committee Member

An attorney-at-law, a graduate of the Law and Administration Faculty at the Jagiellonian University, Cracow. Since 1996 a member of the District Law Society in Warsaw. In 1990-1991 an assistant at the Law and Administration Faculty at the Jagiellonian University in Cracow, Poland. A lawyer at Consoft Consulting Sp. z o.o. (1991 – 1992); An attorney-at-law, individual legal office working jointly with Dewey Ballantine Sp. z o.o. (1997 – 2000); Dewey & LeBoeuf LLP legal office (1993 - 2007) and a partner from 2001; In 2007-2009 the Undersecretary of State at the Ministry of Justice in Poland; From 2009 a managing partner at Studnicki, Pleszka, Cwiakalski, Górski Sp. K. legal office, at Warsaw Office. From 2013 a Management Board member at Kulczyk Investments S.A. Since 2004 Member of the Supervisory Board of TC Dębica SA, between 2004-2007 and 2013-2015 as a Secretary of the Supervisory Board. He is a member of the Board of Directors of Serinus Energy and Deputy Chairman of Polenergia S.A. From 2017, a member of the Supervisory Boards of Autostrada Wielkopolska S.A. and Autostrada Eksploatacja S.A. Complies with the independence criterion.

Leszek Cichocki – An Audit Committee Member

Holds a Master's Degree in Economics and MBA, He has studied at the Warsaw School Economics, University of Toronto and Stanford University (USA). Leszek Cichocki gained knowledge and skills in the tire industry while performing functions and holding positions in companies from the tire industry. He also has the knowledge and skills in the field of accounting or auditing of financial statements: from 1979 to 1982 he worked in PSTBR as a FP&A Manager, From 1982-1988 he worked for the National Bank of Poland as the Head of the Credit Department, In 1989-93 he worked in Canada i.e. L&A Construction and Holtzheuser Brothers Ltd as Financial Manager and from 1994 to 1995 at American Airlines - AMR Co – (managing LotGS) as a Finance Director. From 1995 to 1997 he worked for US WEST POLSKA as the Chief Accountant. From 1997 to 2014 he was Finance Director of T.C. Dębica S.A. In 2008 he was appointed as Member of the Management Board of T.C. Dębica S.A. From 2000 to 2014 Finance Director of Goodyear Dunlop Tires Polska Sp. z o.o. Next in 2014 he started as Finance Director Goodyear Nordic (Board of Directors Member of Goodyear Sweden, Goodyear Norway, Goodyear Finland, Goodyear Estonia and Goodyear Denmark).

On April 12, 2019, the Company received information about the resignation of Mr. Leszek Cichocki from the position of a member of the Supervisory Board of the Company with immediate effect.

In 2018 5 meetings of the Audit Committee were held.

3.4.4 Operational principles of the general meeting of shareholders, its basic powers, shareholders' rights and procedure for exercising their rights

The Company's General Meeting of Shareholders, acting pursuant to the provisions of the Commercial Companies' Code, with the wording effective from 3 August 2009, is convened through an announcement made on the Company's Website and in compliance with the procedure established for day-to-day reporting, pursuant to the provisions of the Public Offering Act and the Terms and Conditions of Admitting Financial Instruments to the Organized Trading System and on Public Companies.

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Such announcement should be published at least twenty six (26) days prior to the date of General Meeting of Shareholders. The General Meeting of Shareholders is convened by the Management Board. The Supervisory Board may convene Ordinary General Meeting of Shareholders, if the Management Board has failed to convene it within timeframe set forth in the Commercial Companies' Code or in the Statute, and may convene Extraordinary General Meeting of Shareholders, if it deems advisable to do so. The Extraordinary General Meeting of Shareholders may be also convened by the shareholders representing at least half of shareholders' equity or at least half of total votes in the Company. The shareholder or shareholders representing at least one twentieth of shareholders' equity may demand the convention of Extraordinary General Meeting of Shareholders as well as putting individual matters on the agenda of such Meeting. The request to convene the Extraordinary General Meeting of Shareholders shall be filed with the Management Board in writing or electronically.

The General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or his Deputy; the Chairman of the General Meeting of Shareholders is then elected from amongst those entitled to participate in the General Meeting of Shareholders.

Should the Supervisory Board Chairman or his Deputy be absent, the General Meeting of Shareholders is opened by the President of the Management Board, or by a person designated by the Management Board. The General Meeting of Shareholders may agree on a recess with a two-thirds majority of the votes. The length of a recess may not exceed thirty (30) days in total.

The powers of General Meeting of Shareholders shall include:

- the examination and approval of the Management Board's report and the financial statements for the previous accounting year, as well as the acknowledgement of the performance of their duties by the members of the Company's governing bodies;
- the adoption of a resolution on profit distribution or loss coverage;
- the amendment of the Company's scope of activities;
- the amendment of the Company's Statutes;
- an increase or decrease in the shareholders' equity;
- the merger, transformation, dissolution and liquidation of the Company;
- the issuance of convertible bonds, or those vested with pre-emptive rights to the Company's shares from a new offering;
- making any and all decisions relating to claims for the redress of damages caused in the course of the Company's formation, or in the exercise of executive or supervisory duties.
- the disposal or lease of the enterprise, or of an organized part thereof, and the establishment of a limited property rights.

In addition to the matters specified above, the matters determined by the Commercial Companies' Code require a General Meeting of Shareholders' resolution.

The Company's General Meeting of Shareholders may be attended by persons who were Company shareholders sixteen days prior to the date of General Meeting (the registration date of participation in the General Meeting) and who requested the entity maintaining their securities account to issue a personal certificate in respect of their right to attend the General Meeting, pursuant to the provisions of Commercial Companies' Code.

Voting is executed by means of a computer voting system, assuring that votes are cast in proportion to the number of shares held, as well as assuring the anonymity of individual shareholders' votes in the case of a secret ballot.

General Meetings of Shareholders held in 2018:

- The Ordinary General Meeting of Shareholders was held on 14 June.

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- In relations to the request filed by Altus Towarzystwo Funduszy Inwestycyjnych S.A. (*Altus Investment Funds' Society S.A.*), the Company's Management Board convened the Extraordinary General Meeting of Shareholders for 25 September 2018, which was continued on 12 October, and then on 23 October 2018.

General Meetings of Shareholders in 2019:

- In connection with the request to convene an Extraordinary General Meeting and add certain matters to the meeting agenda in order to adopt a resolution regarding the appointment of a special-purpose auditor, filed by Rockbridge TFI SA, the Company's Management Board convened the Extraordinary General Meeting on 25 June 2019.

3.4.5 Auditing firm services.

On 2 June 2017 the Company's Supervisory Board, pursuant to the effective professional legislation and standards, appointed PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, at Al. Armii Ludowej 14, to the position of entity entitled to audit Company's financial statements for accounting years 2017, 2018, 2019, 2020, 2021.

On 6 September 2016 a contract was signed with PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, at Al. Armii Ludowej 14, for the audit of financial statements for accounting year 2018.

The fee owed for the audit and review of 2018 financial statement totalled PLN 255 260 (in 2017: PLN 255 260).

The certified auditor did not provide any other services, except for the audit of the Company's Financial Statement.

The Management Board advises that based on the Supervisory Board's statement, the entity certified to audit financial statements that audits the 2018 financial statements of the Company was appointed in compliance with law and that the appointed entity and the auditors who performed the audit fulfilled the requirements drawing up an un-biased and independent Audit Report, in compliance with the national legislation.

The main assumption of the policy on the appointment of an auditing firm to carry out the audit was the appointment of a reputable company (from the "Big Four" group), which has relevant experience and guarantees a high quality of auditing services.

3.4.6 Internal control and risk management systems in relation to the processes of financial statement preparation

The Company monitors legislative changes concerning financial reporting on an on-going basis and follows the principles set forth in the Accounting Act and national accounting standards. The Company's Management Board is responsible for the compliance of information provided in the financial statements with the legislation and the adopted accounting principles.

Financial statements are drawn up by the Finance Department in compliance with the current legislation and accounting principles based on data from internal accounting systems. The prepared reports are then verified by the Chief Financial Officer and the Audit Committee of the Company's Supervisory Board. The responsibilities of the Audit Committee include monitoring the financial reporting process and the effectiveness of internal control systems and risk management systems as well as internal audit, including financial reporting.

Financial statements approved by the Management Board are verified by an independent auditing company, which is selected by the Supervisory Board of the Company, based on the recommendation of the Audit Committee

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3.4.7 Diversity Policy

At the time of publication of this statement, the Company has not developed a diversity policy with respect to the Company's governing bodies and its key managers.

At the same time, the Company explains that in the process of employing the managerial staff in the Company, it takes into account, first of all, such criteria as the competences and experience of the candidate for a certain function. The current composition of the Management Board and the Supervisory Board guarantees a large diversity in terms of experience, educational background and age of members of these bodies. The Company does not rule out the establishment of detailed principles of the diversity policy in the future.

More information on the approach to the question of diversity is presented in the "Statement of the Tire Company Dębica S.A. on non-financial information" in the Section "Respect for human rights and diversity".

4. Statement on non-financial information

4.1. Concise description of the business model of Tire Company Dębica S.A.

4.1.1 Operations and business environment

4.1.1.1 Company's core activity

Tire Company Dębica S.A. is one of the leading tire manufacturers in the Polish market.

4.1.1.2 Corporate organisation and structure

Tire Company Dębica S.A. is a leading manufacturer of passenger, commercial and truck tires. Since 1995, its strategic investor has been a US corporation The Goodyear Tire & Rubber Company, which holds approximately 81.4% of the Company's shareholders' equity through Goodyear S.A. with its registered office in Luxembourg.

The Company's registered office and manufacturing plant are located in the City of Dębica (the Subcarpathian Province). The Company manufactures its products in the Special Economic Zone EURO-PARK MIELEC.

Tire Company Dębica S.A. does not form the capital group.

Goodyear S.A. is controlling the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it holds indirectly 81.396% shares in the Company. The parent company of Goodyear S.A. is The Goodyear Tire and Rubber Company with its registered office in Akron, Ohio, USA. ("Goodyear T&R", and including the subsidiaries (excluding the Company) it is referred to as "the Goodyear Group").

The Company's affairs are managed by the Management Board, which oversees individual Company departments.

As of 31 December 2018 the Company's headcount was 2 872 workers, and in 2017 – 2 772 workers.

Tire Company Dębica S.A. holds the following business management support certificates:

- Quality management ISO/TS 16949 regarding the design and manufacture of tires,
- Environment management: ISO/TS 14001 regarding the manufacture and storage of tires,
- Occupational health and safety management: OHSAS 18001 regarding the manufacture and storage of tires,
- Energy management ISO/TS 50001 regarding the manufacture of tires.

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4.1.1.3 Product description

Tire Company Dębica S.A. is a manufacturer of passenger, commercial and truck tires. It offers a wide range of products to cater for various customers' needs related to:

- varied weather conditions – the offer comprises both summer, winter and all-season tires,
- varied road surfaces,
- driving style (for long or short routes, smooth or dynamic driving),
- car brand – the Company supplies tires to leading automotive OEMs.
- financial capabilities (economy, middle or premium class).

The Company manufactures tires under its own brand and under other brands owned by the Goodyear corporation such as: Goodyear, Dunlop, Fulda, Sava. The Dębica brand tires are also manufactured by other Goodyear manufacturing plants.

In addition, Tire Company Dębica S.A. manufactures curing membranes used in tire making. In 2018, the Company manufactured over 204 thousand membranes in 143 product ranges. These included membranes for the manufacture of tires for: planes, motorcycles, heavy farming vehicles, passenger cars, trucks. The tire membranes were made for Company's own consumption and were exported to corporate and corporate customers. Their sales exceeded 143 thousand units. They were sold to tire manufacturing companies, mainly in Western Europe, North and Latin Americas.

In 2018, the Company's sales totalled PLN 1,932.2 million in value terms and was down compared to 2017, by PLN 31 185 thousand (1.6%). Sales in foreign markets amounted to PLN 1 712.3 million and accounted for 88.6% of the total sales in value terms, of sales to was sales to Goodyear Dunlop Tires Operations S.A. based in Luxembourg, accounted for 98.5%. The value of sales in the domestic market accounted for 11.4% of total sales revenues.

In 2017, sales in foreign markets accounted for 89.7%, and in the domestic market for 10.7% of the total sales in value terms.

The main export markets for tires produced in T.C. Dębica S.A., and then repurchased by Goodyear Dunlop Tires Operations S.A. include: Luxembourg, Germany, Turkey, USA, Canada, France.

Innovative solutions in tire making

Tire Company Dębica S.A. takes cares for maintaining a competitive advantage in the market through continuous development of its products and the application of new technologies in tire making. The Company applies, inter alia, the following innovative solutions to tire making:

- the 3D-BIS (three-dimensional tread block locking) improving the rigidity and stability of tires on wet and dry roads, as well as their grip on snow and ice;
- the Grip Booster technology consisting in the application of a viscous resin which improves the tire grip during braking and driving on wet and dry surfaces;
- the WearControl technology ensuring an optimal balance between a wet grip and low rolling resistance throughout the entire service life of a tire;
- the TOPIndicator technology, facilitating the monitoring of the tread wear;
- the ActiveGrip technology allowing even distribution of pressure inside a tire and optimizing its contact area with the road surface by means of using all tread sections and thus ensuring high performance and better driving in winter;
- the SnowCatcher technology improving snow and ice traction: the central grooves form a grid which cooperates with a snow-covered surface;
- the IntelliMax Rib technology ensuring an optimal distribution of pressure inside tires, improved manoeuvrability, longer service life, better grip on wet surfaces, efficient pebble removal.

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Capital expenditures and new products

In 2018 capital expenditures totalled PLN 80,5 million and focused mainly on:

- a) purchase of equipment and machinery that enable the Debica plant to manufacture technologically advanced products and secure the superior quality;
- b) actions aimed at generating savings, improvement of production efficiency, compliance with OH&S and fire safety requirements;
- c) purchase and upgrading of manufacturing accessories.

4.1.1.4. Description of tire business and Company markets

The tire business in Poland is well developed, and the vast majority of tires produced here are intended for export, which is about 1% of Polish exports.

According to Moto Data, the majority of Polish drivers (57% of respondents) go to workshops, authorized service stations or stores to buy a new set of tires. Even 25% of drivers use e-commerce in turn, where they can find search engines and websites comparing tire products.⁴

Tire manufacturers in Poland – competitive landscape

In addition to Tire Company Dębica S.A. other companies carry out manufacturing activities to satisfy needs of tire business. The products made by the tire manufacturing plants in Poland have to face the competition from Asia, mainly from China more and more often these days.

4.1.1.5 Major trends and drivers of tire business and Company growth

According to the data of the Association of European Automobile Manufacturers (ACEA), the registration of new passenger cars in the European Union remained stable in 2018 (up by 0.1%), while the production of brand new cars in Europe fell (down by 1.7%).

The demand for vans and trucks was up by 3.2% compared to 2017. In 2018 in the overall European Union in 2018, 2.5 million of vans and trucks were registered, which is a record high value since 2007.

According to the Polish Tire Industry Association (PZPO) data, in 2018 the tire manufacturers and importers in Poland recorded a fall in sales of passenger tires by 1%.

In the truck tire segment, sales was up by 22%. The volume of sold SUV tires also went up (+12%). The upward trend was also maintained in all-season tire segment, where sales growth rate reached 49%.

2018 data of the European Tire & Rubber Manufacturers' Association (ETRMA) confirms the stability of the market throughout Europe, where increases in winter and all-season tire sales were recorded and large increases in truck tire sales in several European countries.

The tire business growth prospects will depend inter alia on:

- macroeconomic situation;
- development of the automotive industry;
- availability and prices of raw materials;
- changes in legal regulations;

⁴ Source: <https://pzpo.org.pl/aktualnosci/moto-data-a%C5%BC-16-kierowc%C3%B3w-kupuje-opony-na-gie%C5%82dzie-lub-szrocie.html>, downloaded on 22.03.2019 r.

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- changes in the car park of consumers;
- individual countries' policies regarding access to their markets

4.1.2 Development strategy – major goals, mission statement and values

The major goal of Tire Company Đębica S.A. is to ensure a sustainable business growth in parallel to its brand development. The capital expenditures and further development of the product offer in 2018 allowed to continue the strategy of sustainable business growth paralleled by brand development.

Values and key competencies

In day-to-day activities the Company follows the following principles:

- be honest – build trust and attract other people with honesty and respect;
- protect Company's good name;
- stimulate your team to take actions - create an environment where your workmates get inspiration from work, feel good and provide services to the local community;
- promote cooperation - be closer to your workmates and encourage open discussion; pursue common goals;
- act dynamically - be open to changes, act fast and towards a defined target;
- be performance-oriented – anticipate challenges, take advantage of opportunities and take bold decisions.

Expected development

Tire Company Đębica S.A. plans to develop its activities based on further development of its supreme quality passenger, commercial and truck tires, using strategic business relations with the Goodyear Group, which has been the major customer for Company products for many years now.

Passenger tires

Thanks to investment projects underway, Tire Company Đębica S.A. is enhancing its production capacity of premium tires with higher and higher bead seating diameters, which means 17 inch and higher and very high speed indices that are ranked among the most profitable market segments of tire business. The production of OEM tires is also being developed. Such tires are used in brand new cars of the largest automotive brands in the world. In combination with the manufacturing of a wide range of tire sizes and tire brands of other sizes, which are still in demand, the Company is able to meet the challenges of the dynamically evolving passenger tire market.

Truck tires

Tire Company Đębica S.A. responding to market demand for technically advanced high quality truck tires, it modernizes and develops its production capacity in this segment, offering a wide range of sizes and brands. In recent years capital expenditures spent on the enhancement of truck tire production capacity enabled the Company to expand the range of these products in order to ensure market competitiveness of the Company.

Characteristics of external and internal drives key to Company development:

Internal drivers:

- high quality standards - developing the ability to produce the highest quality tires for passenger cars, delivery vans and lorries;
- expanded product portfolio - development of the product offer with new sizes and tire models;
- technologies used - application of technological solutions that meet the growing requirements of clients and market expectations;

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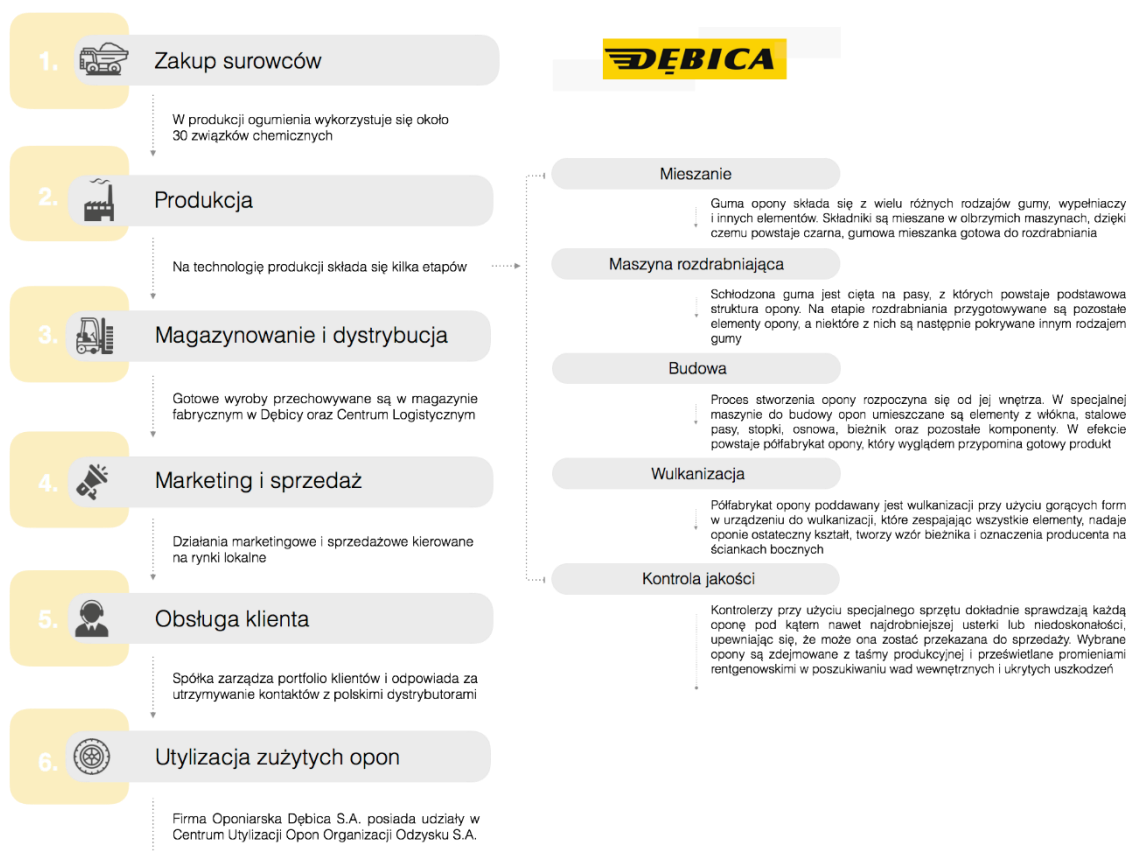
- production optimization – running activities aimed at the most advantageous utilization of production capacities while maintaining the highest standards of occupational safety and product quality;
- supply of qualified staff - taking care of an appropriate level of employment and development of employee qualifications

External drivers:

- macroeconomic situation - the condition of the economy and its impact on the financial standing of customers and consumers;
- development of the automotive industry – growth rates of car manufacturing and sales;
- competitiveness of the industry - responding to challenges posed by growing competitiveness of the tire business;
- operating costs - the impact of costs related to the operations of the manufacturing plant;
- raw material costs - changes in raw material prices that translate into the Company's operating costs

4.1.2.1. Value chain

Value chain of Tire Company Dębica S.A.



Key to Value Chain Figure above:

1. Purchase of raw materials

In tire making approximately 30 chemical compounds are used.

2. Manufacturing process

The manufacturing process consists of several phases:

- Mixing

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Tire rubber consists of numerous various types of rubber, fillers and other components. The components are mixed in huge machines, which allows to produce black, rubber mixture ready for pulverization.

- Pulveriser

Chilled rubber is cut into strips, which are used to make basic tire structure. During pulverization phase the remaining tire components are prepared, and some of the components are later covered with different type of rubber.

- Tire building

Tire building process starts from the tire inside. In a special tire building machine fibre elements, steel stripes, beads, carcass and other components are placed. As a result semi-finished tire is made with the appearance resembling finished product.

- Curing

The semi-finished tire is subject to curing in hot moulds in the curing machine, which combining all tire components gives the tire its ultimate shape, creates tread design and manufacturer's markings on sidewalls.

- Quality Control

QC inspectors using special equipment check precisely each tire to detect minute shortcomings or imperfections to make sure that it can be handed over to sales department.

Warehousing and Distribution

Finished goods are stored in an on-site warehousing facility at Dębica and at the Logistics Centre.

Marketing and Sales

Marketing and sales activities targeted at local markets

Customer Service

The Company manages customer portfolio and is responsible for maintaining relationships with the Polish distributors

Used tire disposal

Tire Company Dębica S.A. holds interest in Centrum Utylizacji Opon Organizacji Odzysku S.A. (Tire Disposal and Recycling Centre - TDRC)

4.1.2.2. Breakdown of Tire Company Dębica S.A. operations

In 2018, the rules of cooperation with the Goodyear Group changed, which was announced by the Company in its Current Report No. 2/2018, according to which the Company provides Goodyear Dunlop Tires Operations S.A. with registered office in Luxembourg, registered in Poland for VAT purposes, all manufactured tires of brands owned by the Goodyear Group, at market prices determined in accordance with the Goodyear Group's transfer pricing policy, according to which prices are set so that the Company's profit from the sale of tires reaches the equivalent of the market margin.

In addition, the Company may sell to Goodyear Dunlop Tires Operations S.A. tires made by the Company under brands owned by the Company. The sale of such tires to Goodyear Dunlop Tires Operations S.A. is also settled in accordance with the Goodyear Group's transfer pricing policy, under which prices will be set in such a manner that the Company's tire sales profit reaches the equivalent of the market margin. The Company has an option (but not an obligation), if necessary, to buy tires

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manufactured under the brands belonging to the Company from Goodyear Dunlop Tires Operations S.A. for resale.

- **Goodyear Dunlop Tires Operations S.A.** with its registered office in Colmar-Berg, Luxembourg is a related entity of the Company and a subsidiary of Goodyear S.A. with its registered office in Colmar-Berg, Luxembourg ('Goodyear S.A.')
- **Goodyear S.A.**, is an entity controlling the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it holds indirectly 81.396% of the Company's shares.
- The parent company of Goodyear S.A. is Goodyear Tire and Rubber Company based in Akron, Ohio, USA. ("Goodyear T & R", and with subsidiaries (excluding the Company) as "**Goodyear Group**")

4.1.2.3. Product manufacturing and sales

Tire Company Dębica S.A. uses the Integrated Management System Manual. It consists of many documents that describe the rules of business process management. Each of the identified processes is managed by the process owner supervising the implementation of and monitoring of the process.

Procurement, purchases of raw materials and services

Tire production involves about 30 chemical compounds. Between 2017-2018, the structure of the raw materials used to manufacture a standard tire was as follows:

- petrochemical materials (synthetic rubber, rubber materials, fabric, soot) – approximately 62%,
- organic materials (natural rubber) – approximately 23%
- metals (wire rod, bead wire, wire, zinc) - approximately 15%.

Tire Company Dębica S.A. purchases raw materials mainly from the global purchasing centres of the Goodyear Group (hereinafter referred to as "the GPC"). Decisions regarding the purchase of raw materials, delivery schedules and the exact quantities are determined by Tire Company Dębica S.A.

In 2018, Tire Company S.A. purchased natural rubber accounting for 10.0% of its total net sales (10.8% in 2017) from Goodyear related entity, viz. Orient Company Private Ltd, based in Singapore.

Additionally, synthetic rubber was purchased from a related entity, viz. Goodyear Akron with its registered office in USA, with the value of purchases accounting for 1.8% of the net sales revenues of Tire Company Dębica S.A., compared to 2.5 % in 2017.

Manufacturing process

With regard to the manufacturing process of consumer tires, the Company continued its production optimization programme, allowing to the best possible use the existing production capacity while maintaining top safety and product quality standards.

With regard to truck tires, a similar strategy for the development of manufacturing processes was carried out, based on a computerized system including planning and supervision of manufacturing activities as well as automatic collection and archiving of data regarding the manufacturing process and the product. The solutions used represent the highest level of development and efficiency of the tire manufacturing process.

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Warehousing and distribution

Finished goods are stored on two sites:

- the Company's warehousing facility at Dębica,
- Goodyear Dunlop Tires Operations' Logistics Centre in Tarnów.

In domestic market the Dębica branded tires are distributed mainly through:

- regional tire distributors,
- the Premio franchising network owned by Goodyear Dunlop Tires Polska sp. z o.o
- authorized Goodyear Group tire service stations,
- tire service stations,
- online stores.

Waste disposal

Tire Company Dębica S.A., and other large tire manufacturers hold interest in Centrum Utylizacji Opon Organizacji Odzysku S.A. (Tire Disposal and Recycling Centre - TDRC) . It is currently one of the largest tire disposal and recycling organizations in Poland.

TDRC fulfils, on behalf of entrepreneurs launching new tires in the Polish market, the obligations under the Act of 11 May 2001 on the entrepreneurs' obligations related to the management of certain waste and the product fee. The Act puts on obligation on tire manufacturers and importers to collect and recycle tire waste of minimum 75% of the total weight of tires placed by them in the market in the preceding calendar year.

4.1.3 Other information.

In 2018, changes were made to the rules of co-operation between Tire Company Dębica S.A. and the Goodyear Group, which were announced by the Company in the Current Report No. 2/2018 Change of Rules of Co-operation with the Goodyear Group on 1 February 2018.

The above changes were included in the description of the 2018 business model.

4.2. Management of risk types related to the Company's activity, having impact on non-financial aspects

4.2.1 Description of management of risk types related to the Company's activity, having impact on non-financial aspects

External risk factors

- **Risks related o fortuitous events, such as fires, floods etc.** Tire Company Dębica S.A. has crisis management procedures in place and holds appropriate insurance policies. The Company conforms to the environment protection legislation related to plants posing a risk of a serious industrial failure. The Company has been reported to the competent authorities as an increased risk enterprise and a program of prevention of industrial failures has been put in place along with a safety system.
- **Risk related to changes in the environment protection legislation, employment legislation and other legislation related to non-financial data** Tire Company Dębica S.A.

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meets the legal requirements related to non-financial data by an on-going monitoring of legal changes by the legal department. The Company monitors the Polish and the international legal systems to adapt its internal regulations to the changing legal requirements. In addition, the Company runs a system of trainings aimed at preventing any breaches of the internal regulations

Risk factors related to the manufacturing process and the products

- **Risk related to the manufacturing and the business management process.** Tire Company Dębica S.A. has detailed emergency procedures in place for each process performed in the Company and runs numerous trainings in this respect. In addition, the Company operates an integrated quality management system based on the top production standards, aiming at continuous improvement of efficiency and quality, in order to provide customers with the right tires in the right place, at the right time and price.
- **Risk related to potential product defects.** To prevent this risk, the Company has introduced procedures and processes of management of the entire production process, the appropriate claims handling process and runs internal trainings in conformity with the international industry-specific standards.
- **Risk related to availability and prices of raw materials.** To prevent this risk, the purchasing centres of the companies comprising the Goodyear Group cooperate with each other to reduce the risk of product unavailability.

Risk factors related to the theme areas of the policies

Social issues:

- **Risk of lack of transparency of social-related activities** Tire Company Dębica S.A. is involved in activities for the benefit of local community. The Company has adopted a social involvement strategy entitled "Better Future," clearly defining the areas of involvement, namely:
 - a) Safety – encouraging safe mobility to strengthen and protect local communities.
 - b) Potential development – inspiring the development of the educational potential and preparing teenagers to a professional career.
- **Transparency regarding donations.** The company employees and representatives are obliged to ensure that charitable donations offered on behalf of the company are given only to reliable charities and are used for charity purposes instead of improper purposes. Charitable donations must meet specific criteria. A charitable donation may not be offered against the policy of the local authorities or against the applicable local regulations. A charitable donation is not (directly or indirectly) a bribe or a repayment and is not paid to gain or maintain business opportunities or improper benefits. A charitable donation must be immediately, fully and reliably recorded in the books and financial documentation of the Company in conformity with the respective provisions related to posting charitable donations.

Employee-related issues:

- **Labour market gap.** Due to demographic considerations on a nation-wide scale, the Company faces a challenge related to the shortage of employees and their substitutability (a large number of experienced employees are currently at a pre-retirement age). To prevent this risk, Tire Company Dębica S.A. runs activities in the field of the so-called employer branding - promoting the Company as an attractive and valuable employer. The company also constantly updates its Work Regulations, offers an employee training system, invests in employees' competences and development, and offers attractive benefits to employees, including health care service packages and part financing of physical activities and family life as well as the Employee Pension Scheme.

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- **Meeting with trade unions** Tire Company Dębica S.A. effectively manages its relations with the trade unions within the Company. The Company communicates with the trade unions and one of its employees is a member of the Supervisory Board.

Natural and working environment:

- **Risk of accidents at work or near misses.** Tire Company Dębica S.A. has Occupational Health and Safety (OH&S) procedures in place. In addition, the Company has also a comprehensive training system on OH&S and educates its employees and suppliers providing services on site.
- **Failure risk.** Due to the industrial nature of its activity, the Company faces the risk of failures, which may significantly affect the natural environment, e.g. the risk of a leak of the chemical substances used in the process of production of tires or related to power outages. Tire Company Dębica S.A. has comprehensive failure prevention procedures in place. Five times a year the Company holds an exercise in effective emergency management in order to minimise a potential negative environmental impact of a failure. In addition, the manufacturing plant operates back-up power supply systems (gas and oil).
- **Risk of negligence on the part of suppliers.** Potential environment-related negligence on the part of suppliers may have a negative environmental impact and, consequently, on the Company's image. Tire Company Dębica S.A. has adopted a code of procedure for suppliers, which imposes relevant environmental protection obligations and requirements on them.

Respect for human rights and diversity

Tire Company Dębica S.A. has in-house procedures aimed at preventing risks related to respect for human rights and diversity. In addition, the Company has a Code of Professional Ethics and a human rights policy in place, described in the section related to human rights and diversity. The main risks in this area are as follows:

- **Discrimination.** The Company recruits, employs, trains, compensates and promotes employees and performs other activities related to managing them irrespective of their race, colour, religion, gender, sexual orientation, age, disability or other diversity aspects. All decisions related to hiring employees or influencing their careers are based solely on their achievements, qualifications (e.g. education, professional experience, competences) and other, similar criteria related to a particular job
- **Risk of harassment.** The Company prohibits harassment, persecution, libel or ridiculing persons or groups of persons because of their race, colour, religion, nationality, gender, sexual orientation, age, disability or any other reason specified by law. Behaviour or materials considered inappropriate includes: offensive nicknames, libel, derision, graffiti, jokes, posters, calendars, e-mails, websites and any other things defined by the Company as inappropriate. Inappropriate behaviour is also any behaviour that is non-desirable or unwelcome, creating or aimed at creating an atmosphere of intimidation, hostility or humiliation at the workplace.
- **Risk of violence** The Company follows the policy of no tolerance for any form of violence in the workplace. Limiting the freedom of movement, touching or physical assault are absolutely prohibited

Counteracting corruption:

Risk related to non-compliance with the ethical norms, including anti-corruption rules, resulting in potential penalties for unethical behaviour, litigation, damages to image or penal sanctions. Tire Company Dębica S.A. has many internal policies and procedures in place to prevent ethical abuse, including corruption, such as: Professional Ethics Code, procurement policy, supplier verification procedures or suppliers code of conduct. In addition to the corruption issues, the above-mentioned documents relate to bribery, giving and receiving gifts, making donations, as well as confidential

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information. There are also generally available mechanisms for reporting breaches The Company runs educational campaigns, both online and offline, for its employees related to anticorruption measures.

4.2.2 Description of the management of relations with individual groups of stakeholders

Tire Company S.A. has analysed its stakeholders in order to maintain the highest standards of building relations with them. As part of mapping out its stakeholders, the Company presents the identified groups, persons or institutions, which it influences or which it is influenced by.

The Company has identified the following key stakeholder groups

- Shareholders
- B2B customers – non-related entities
- B2B customers - related entities
- State institutions
- Municipal authorities
- Employees
- Retail customers

These groups are key both in terms of the current management of the organization, but also in terms of their significant contribution to the development of Tire Company Dębica S.A.

The expectations of particular stakeholder groups and the methods of their involvement and communicating with them are analysed in detail below in the document.

Stakeholder	What aspects of the Tire company Dębica S.A activities are key to them?	Involving stakeholders
Shareholder	<ul style="list-style-type: none"> positive financial performance of the Company maintaining its competitive market position 	<ul style="list-style-type: none"> activities of the Supervisory Board regular meeting of the Supervisory Board appointment of an audit committee holding meeting with the representatives of the capital market publication of reports (periodical and current) dedicated section on the website General Meeting of Shareholders
B2B customers – non-related entities	<ul style="list-style-type: none"> product offer commercial offer close cooperation timely deliveries quick response to quality related issues 	<ul style="list-style-type: none"> on-going meetings during the year trade negotiations contact with the sales director.
B2B customers - related entities	<ul style="list-style-type: none"> timely deliveries close cooperation quick response to quality related issues 	<ul style="list-style-type: none"> regular contacts with the key customer
State institutions	<ul style="list-style-type: none"> compliance with the information obligation compliance with the legal requirements 	<ul style="list-style-type: none"> submission of reports, documents etc. direct contact depending on the issue
City authorities	<ul style="list-style-type: none"> environmental care business ethics job creation and maintenance compliance with the environment protection and OH&S regulations 	<ul style="list-style-type: none"> direct meetings with the city representatives depending on the issue
Personnel	<ul style="list-style-type: none"> job security and safety development possibilities healthcare and insurance 	<ul style="list-style-type: none"> regular communication special “employee service desk” wide range of benefits trade unions collective labour agreements
Retail customers	<ul style="list-style-type: none"> high-quality products meeting top standards 	<ul style="list-style-type: none"> marketing communication Communication by means of information campaigns organized by the Polish Tire Industry Association

4.3. Non-financial Key Performance Indicators (KPIs) related to the operations of Tire Company S.A.

In its “Statement on non-financial data,” Tire Company Dębica S.A. analysed and selected the key non-financial Key Performance Indicators (KPIs) with respect to individual policy areas.

As regards human capital management, the key indicators are the employment structure, trainings, employee benefits and relations between the employer and the employees. As regards ethics, equality,

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diversity and human rights, the Company focuses on trainings in policies and procedures, as well as it aims at having 100% new employees familiarizing themselves with the Professional Code of Ethics. To this effect, the Company organizes regular trainings in anti-corruption policies and procedures. The indicator subject to control is the percentage of new employees who became familiar with the anti-corruption rules contained in the Professional Code of Ethics.

The Company closely monitors the indicators in terms of impact on the natural environment, such as: water consumption, reduction of energy consumption or work safety. It is also important for the company to participate in industry initiatives and be involved in local community issues. The company organizes annual events for the local community, regularly participates in the initiative of the Children's University of Technology and continues its activities in the field of road safety.

All KPIs are described in detail in Section 4 in individual policy areas

4.4. Description of individual policies, due diligence procedures and results of their application

4.4.1 General assumptions behind the Company's activity in the area of sustainable development

Tire Company Dębica S.A. implements activities in the area of sustainable development based on the "Better Future" program. Under this program, the Company decides to implement and support projects with a positive impact on the lives of people, local communities and the entire planet.

Key activities and priorities

The priorities of the sustainable development activities are as follows:

- **road safety:** promoting safe mobility to strengthen and protect local communities;
- **potential development:** inspiring people to use their educational potential and preparing for professional careers;
- **Sustainable development:** waste reduction and saving Earth's energy sources.

Approach to implementation

An important factor ensuring the success of Tire Company Dębica S. A. is the right attitude of employees to the tasks they perform. In everyday work, each employee should be guided by the following values:

- fair dealing - build trust and win others through honesty and respect. In this way we can protect the good reputation of the Company;
- encouraging team activities - create an environment in which colleagues get inspiration from work, feel good in it and serve the local community;
- promoting cooperation - being closer to co-workers and encouraging open discussion to pursue common goals;
- dynamic action - one should be open to changes, act quickly and with a specific goal;
- performance-oriented approach - foresee challenges, take advantage of opportunities and take bold decisions.

All regulations regarding ethics, values, equality, diversity and counteracting corruption are included in the Professional Code of Ethics. It helps Company personnel to understand its commitment to comply with the highest ethical and legal standards in business operations, facilitates proper assessment of the situation and behaviour in an appropriate manner, and provides information on how to report possible violations of the rules.

Implementation documents in the area of sustainable development

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In the further part of the "Statement", key documents will be presented, which regulate the area of sustainable development in Tire Company Dębica S.A. with regard to specific issues such as social and environmental policy, human rights and diversity, and workers' rights.

4.4.2 Description of the policies and due diligence procedures applied by the Company with respect to:

4.4.2.1. Social issues

Content:

- Rules in the social issues area
- Corporate priorities in the social issues area
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions in this respect in 2017 and 2018.

Rules in the social issues area

In its activities Tire Company Dębica S.A. follows the principle of being a good, valued neighbour in the community in which it operates. Thanks to cooperation with local partners and activities undertaken, also as part of the employee volunteer programme, the Company responds to local needs and strengthens the commitment for the benefit of the local community.

The Company engages in cooperation with entities of high credibility and credibility in the local community, and inspires its employees to take actions under the employee volunteer programme. Due to the nature of its business, Tire Company Dębica S.A. has a twofold potential negative impact on the local community: on the one hand, there is a risk of an environmental failure, on the other hand - the transport of raw materials and finished products may result in increased traffic in the area.

Therefore, Tire Company Dębica S.A. attaches special weight to safety and environmental protection, using both internal procedures and instructions to prevent accidents, as well as undertaking initiatives related to road safety. In 2018, similarly to 2017, there were no breakdowns or accidents related to the impact of factory operations on the local environment.

Corporate priorities in the social issues area are as follows:

- road safety: promoting road safety to strengthen and protect local communities;
- potential development: inspiring young people and adults to use their educational potential and prepare for professional careers;
- Integration with the local community in the City of Dębica

Administrative bases and due diligence procedures

The approach to the Company's social involvement is defined in the "Better Future" programme. The policies, standards and tools described in Section 4.4.2.3 "Natural Environment" apply to the environmental impact of a manufacturing plant's operations. Natural environment, where the quality and safety management processes are comprehensively presented.

The effects of application of the Company's policies and actions to this extent in 2017 and 2018.

Road safety

- "Safe Road to School"

"Safe Road to School" is an annual campaign organized jointly with the Municipal Office of Dębica and other partners representing the local business. Its main purpose is to prepare children to behave in

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conscious and responsible way on the road and to indicate to them the risks they may encounter on their way to school or when returning from it both by bicycle and on foot.

Under the programme, the Company equips all children to whom this campaign is targeted at, in school supplies with reflective elements that increase the visibility of children after dark and a colouring book promoting the principles of proper behaviour on the road.

The campaign takes place at the beginning of September and is intended for first graders at primary schools. In 2018, it took place on 8th September.

During the event, which is organized in the open air, the partners offer children many attractions to remind them about the rules of safe behaviour on the roads. The Company organizes games closely related to the subject of road traffic, e.g. tracks for electric cars, board games, games that engage the sense of sight and hearing or - first aid workshops. The event ends with the presentation to first graders, by all partners, of school kits with reflective elements.

The "Safe Road to School" campaign has been organized for 6 years. In 2017, 505 first graders took part in it, whereas in 2018 – it was 542 students., The "Safe Road to School" has been held for 7 years now. Since 2012, as many as 3560 students have received fully equipped backpacks with reflective elements.

- **Co-operation under the umbrella of the Polish Tyre Industry Association**

Tire Company Dębica S.A. as a member of the Polish Tyre Industry Association (PZPO), has been actively involved in measures raising drivers' awareness of: tire impact, tire quality and technical condition, road safety. The company supports the organization of communication campaigns and press materials regarding driving safety.

In 2018, the following initiatives related to road safety determinants were undertaken by the Polish Tyre Industry Association:

- Information web portals: "Remember about tires – www.pamietajooponach.pl" and „Time to change tires – www.porazmienicopony.pl", where information is provided that helps to take care for tires and enhance road safety.⁵

Press materials published on the website of the Polish Tyre Industry Association (PZPO):

- "Tips before you go on holidays. The defective car will not take you too far - how to prepare a car for travel?"⁶
- "The impact of truck tires on safety and business. Effective transport fleet using branded tires "⁷
- "How to select good tires? 5 tips for drivers planning to buy a new set of tires"⁸
- "What is useful service life of a tire? 8 rules for tire storage"⁹
- "How to reduce the noise inside the car by using appropriate the tires. Tires louder by 1 decibel translate into 26% more noise "¹⁰
- „Are second-hand tires a safe choice?"¹¹

⁵ <https://www.pamietajooponach.pl/>, <https://porazmienicopony.pl/> downloaded on 24.03.2019 r.

⁶ <https://pzpo.org.pl/aktualnosci/porady-przed-wyjazdem-na-ferie.html>, downloaded on 24.03.2019 r.

⁷ <https://pzpo.org.pl/aktualnosci/konferencja-prasowa-wp%C5%82yw-opon-ci%C4%99%C5%BCarowych-na-bezpiecze%C5%84stwo-i-biznes.html>, downloaded on 24.03.2019 r.

⁸ <https://pzpo.org.pl/aktualnosci/jak-wybra%C4%87-dobre-opony.html>, downloaded on 24.03.2019 r.

⁹ <https://pzpo.org.pl/aktualnosci/jak-d%C5%82ugo-przydatna-jest-opona-8-zasad-przechowywania-opon.html>, downloaded on 24.03.2019 r.

¹⁰ <https://pzpo.org.pl/aktualnosci/jak-zmniejszy%C4%87-ha%C5%82as-w-samochodzie-dzi%C4%99ki-oponom.html>, downloaded on 24.03.2019 r.

¹¹ <https://pzpo.org.pl/aktualnosci/czy-u%C5%BCywane-opony-s%C4%85-bezpiecznym-wyborem.html>, downloaded on 24.03.2019 r.

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- "Tips before going on vacation. Good technical condition of tires means road safety"¹²
- "Tires? Never second-hand! The destination for second-hand passenger tires are the recycling plants, not the secondary market "¹³
- "Aquaplaning - what is it and how to prevent it? Appropriate tire pressure and good condition of the tires will prevent aquaplaning on the wet road surface"¹⁴
- "Safe driving? Only with correct tire pressure! Appropriate tire pressure significantly reduces the braking distance "¹⁵
- "I am buying winter tires. What should I look for?"¹⁶
- "When to change tires for winter?"¹⁷
- "Do you want to come across a car shod with summer tires?"¹⁸
- "Tire impact on road safety. Good technical condition of tires realistically enhances driving safety"¹⁹

Press conferences:

- "Impact of truck tires on safety and business", Warsaw, 29 January 2018.
- "Impact of tires on road safety", Warsaw, 20 November 2018.

Potential Development

- **Children's University of Technology** (former name: Children's Polytechnics)

The Company supports the activities of the branch of the Children's University of Technology in Dębica. Classes are run by the Foundation for Education Support at the Aviation Valley Association.

The Children's University of Technology offers classes for primary school students, which include interactive lectures, covering such areas as: chemistry, physics, mathematics, construction, biology, aviation and all other areas related to the polytechnic industry. Through interesting and developing activities, they strengthen children's interest in these fields of science. Using the inborn curiosity of children and stimulating the imagination, they motivate to further development.

In 2017, thanks to the support of the Company and other partners, 726 children took part in free classes in Dębica, including 126 children of the Company's employees. As many as 1977 children have taken part in the classes organized by the University.

Each semester comprises a number of lectures corresponding to the number of academic months, i.e. the winter semester, lasting from October to February in the next year, consists of 5 meetings, while for the summer lasting from March to June of a given year, consists of 4 meetings. The lectures can be used by students from the Dębica county and a dedicated number of children of the Company personnel (in each semester it is a pool of 50 places for Company personnel children).

¹² <https://pzpo.org.pl/aktualnosci/porady-przed-wyjazdem-na-wakacje.html>, downloaded on 24.03.2019 r.

¹³ <https://pzpo.org.pl/aktualnosci/opony-nigdy-z-drugiej-r%C4%99ki.html>, downloaded on 24.03.2019 r.

¹⁴ <https://pzpo.org.pl/aktualnosci/aquaplaning.html>, downloaded on 24.03.2019 r.

¹⁵ <https://pzpo.org.pl/aktualnosci/bezpieczna-jazda-tylko-z-prawid%C5%82owym-ci%C5%9Bnieniem.html>, downloaded on 24.03.2019 r.

¹⁶ <https://pzpo.org.pl/aktualnosci/kupuj%C4%99-opony-na-sezon-zimowy.-na-co-zwr%C3%B3ci%C4%87-uwas%C4%99.html>, downloaded on 24.03.2019 r.

¹⁷ <https://pzpo.org.pl/aktualnosci/kiedy-zmieni%C4%87-opony-na-zimowe.html>, downloaded on 24.03.2019 r.

¹⁸ <https://pzpo.org.pl/aktualnosci/czy-chcesz-spotka%C4%87-na-swojej-drozdze-samoch%C3%B3d-na-letnich-oponach.html>, downloaded on 24.03.2019 r.

¹⁹ <https://pzpo.org.pl/aktualnosci/wp%C5%82yw-opon-na-bezpiecze%C5%84stwo-drogowe.html>, downloaded on 24.03.2019 r.

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In the 2018 summer semester, 236 children attended classes, while in the 2018/2019 winter semester 240 children attended classes. The number of participants in all semesters has so far reached 2458.

- **Act Locally**

The Company joined the 2017 edition of the Act Locally program, run by the Dębica Business Club Association. The main goal of the program is to activate local communities through the implementation of civic projects, which strengthens the integration and development of these communities. In 2018, under this programme, informal groups and non-governmental organizations implemented 13 projects, which equalled the number of projects executed in 2017.

All of them were addressed to the local communities of Dębica and the surrounding area, and focused on: mobilization to physical effort by equipping the local club rooms with sports equipment and offering different activities; activating senior citizens; supporting intergenerational dialogue; restoring and promoting old traditions, exchanging experiences and skills within the community or promoting the organization of leisure time for young people without digital devices. All these tasks were carried out on the basis of volunteering, and the purpose of each of them, from the point of view of local communities, complemented the essential needs of these groups.

- **Support for students of the Eugeniusz Kwiatkowski School Complex No. 2 in Dębica.**

Pursuant to the Agreement concluded in 2010, the Company offers internships to students from the classes with the profile of IT technician, electronics technician and electrician technician. The internships take place in the second semester. In addition, under the Agreement, the Company awards a scholarship for four most talented pupils every year, in the amount of PLN 300 per month in the period from September to June. The scholarship is awarded on the basis of the criteria contained in the Agreement, namely: average grades, conduct, attendance, participation in school and out-of-school competitions, participation in interest groups, etc.

In 2018 (similarly as in previous years) two students attending the IT technician profile form and one student from the technical and electrical technician profile form received the scholarship

Integration with the local community of Dębica

- **Corporate volunteering**

Under the corporate volunteering programme, the employees of the Company were able to plan and conduct activities for the local community. To this end, they got some hours off to devote to the implementation of activities. In 2017 and 2018 two corporate volunteering projects were implemented at Dębica.

Volunteering projects in 2018:

- Under the first project, the Company personnel renovated a room at the day care centre in Dębica and carried out artistic workshops for children.
- The second project was devoted to a bike rally around attractive touristic spots in the vicinity of the City. Volunteers, along with the primary school, selected the route, and before the start they carried out a short instruction how to ride safely a bicycle.

- **Goodfest**

Tire Company Dębica S.A. organized once again a cyclical event for its personnel and the city population. The Goodfest changed over the years (from a fair to a music festival to a family picnic), but its purpose remains the same - integration of the local community.

During 2018 edition, the Company followed up its 2017 approach: during the event the educational zone of the Children's University of Technology appeared where, where the youngest participants could enjoy numerous inspiring activities. Additionally a sports competition zone was also prepared, where the youngest could compete under the supervision of professional trainers, Thanks to the courtesy of the

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Local Police Headquarters in Dębica and the Local Headquarters of the State Fire Service in Dębica a special zones with attractions was prepared by the officers.

A music star at the 2018 Goodfest edition was Kaliber 44 band and Krzysztof Zalewski.

In 2017 and 2018 approximately 6,000 people took part in the event.

Employee issues

Content:

- Rules in the area of employee issues
- Company priorities in the employee issues area
- Administrative bases and due diligence procedures
- The effects of pursuing Company's policies and actions in this area in 2017 and 2018.

Rules in the area of employee issues

Tire Company Dębica S.A. follows the principle of utmost care for their employees.

Corporate priorities concerning employee issues

The corporate priorities in the area of employee issues are included in the Zero Tolerance Policy and include:

- lack of acceptance for harassment, discrimination and violence;
- lack of acceptance for all forms of forced labour or human trafficking - the company guarantees and promotes freedom of employment;
- lack of acceptance for the use of children, including child labour;
- ensuring freedom of association and joining organizations (e.g. trade unions) and the right to refuse to join an organization;
- compliance with applicable laws and regulations regarding remuneration and hours worked;
- providing a safe workplace.

Administrative bases and due diligence procedures

With regard to employment issues, Tire Company Dębica S.A. applies due diligence procedures at the following levels:

- A) Requirements specified in the laws of the Republic of Poland
- B) The implementation documents applied by the Company - from the Work Regulations to the Professional Code of Ethics to instructions related to particular procedures and processes..

A) Legal order

The Company conforms to the laws of the Republic of Poland. Therefore, Tire Company Dębica S.A. acts in conformity with the basic legal act regulating the mutual rights and obligations of parties to an employment relationship, i.e. the Labour Code (Journal of Laws of 1974 no. 24, item 141)

B) Implementation documents related to the human resources management

Major policy-related documents defining this area:

- **Work regulations**, which came into force in August 2017, covering such issues as: employee's duties, Company's responsibilities, work organization, order, working time, holidays and leave, date, place and time of payment of remuneration, termination of employment contract, personal data protection, occupational health and safety and fire protection. The Work Regulations also contain provisions regarding the prevention of mobbing and proceedings related to reporting instances of mobbing.

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- **The Professional Code of Ethics**, which defines in detail such issues as: mutual respect, policy on universal human rights, prohibition of discrimination, prohibition of abuse, prohibition of violence, compliance with occupational health and safety rules, prohibition of drugs, protection of personal data of employees.
- **Supplier's Code of Conduct** implemented by the Company, which clearly states that the Company expects its suppliers to comply with applicable labour law provisions regarding remuneration and working time (including regulations regarding minimum wages, overtime and benefits), freedom of association (suppliers have a duty to recognize and respect workers' rights to join their chosen organizations or to refrain from joining an organization), respect employees' right to collective bargaining through their elected representatives (if the trade union has been chosen in accordance with the applicable laws).
- **"Zero Tolerance" policy**, regarding lack of acceptance for any acts of harassment and discrimination based on race, colour, religion, nationality, gender (including during pregnancy), sexual orientation, age, disability, or for any other reason specified in law, carried out by employees as well as people outside the company (including, for example, people applying for a job in the company, contract employees or temporary guests, clients, representatives of trade and consulting companies). The "Zero Tolerance" policy also extends to all forms of violence at the workplace. The provisions of this policy apply primarily to employees, but where necessary, it also includes nonemployees, i.e. trainees, apprentices, subcontractors and temporary employees, guests, clients, suppliers and consultants

Tire Company Dębica S.A. follows procedures and instructions related to each area of human resources management. A complete list of the respective documents can be found on the corporate Intranet.

The effects of application of the Company's policies and actions in this respect in 2017 and 2018.

Employment structure

Some of the key indicators regarding employee issues at the Tire Company Dębica S.A. include the employment breakdown by gender, type of contracts and type of work and an offer of employee benefits.

It should be noted that the majority of employees are employed for an indefinite period. As at the end of 2018, the data mentioned above was as follows:

As of 31 Dec. 2018	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	66	428	492	2	387	107
Men	192	2188	2380	0	2184	196
Total	258	2616	2872	2	2571	303

As of 31 Dec..2018	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	13.4%	86.6%	99.6%	0.4%	78.3%	21.7%
Men	8.1%	91.9%	100.0%	0.0%	91.8%	8.2%
Total	9.0%	91.0%	99.9%	0.1%	89.5%	10.5%

For comparison sake data at the end of 2017 and 2018 is presented in tables below:

As of 31 Dec..2017	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	39	445	483	1	364	120
Men	107	2175	2282	0	2071	211
Total	146	2620	2765	1	2435	331

As of 31 Dec.2017	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	8.1%	91.9%	99.8%	0.2%	75.2%	24.8%
Men	4.7%	95.3%	100.0%	0.0%	90.8%	9.2%
Total	5.3%	94.7%	100.0%	0.0%	88.0%	12.0%

As of 31 Dec. 2016	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	5	500	503	2	384	121
Men	97	2111	2208	0	1967	241
Total	102	2611	2711	2	2351	362

As of 31 Dec.2016	Type of contract		Type of employment		Type of work	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	1.0%	99.0%	99.6%	0.4%	76.0%	24.0%
Men	4.4%	95.6%	100.0%	0.0%	89.1%	10.9%
Total	3.8%	96.3%	99.9%	0.1%	86.7%	13.3%

Training

In 2018, Tire Company Dębica S.A. undertook many activities in the area of human resources management. Key activities included, inter alia, training courses and sessions for employees, which are planned on an annual basis. The training schedule is developed on the basis of:

- obligatory training, authorizations,
- customer requirements, standards' requirements,
- analysis of training needs carried out with managers.

In November and December, recommended training courses and sessions are planned, based on the analysis of needs. The schedule comprises the number of "training units", i.e. persons who are to attend a certain training course or sessions, broken down into individual months.

Key measures related to training efforts include:

- implementation of trainings in relation to the number of scheduled trainings (it is the number of trainings implemented / the number of trainings included in the training schedule);
- multi-skilling (the number of positions for which the employee has skills to work at). This indicator is measured on a monthly basis. This ensures an appropriate level of workplace rotation that can be introduced by zone managers when filling brigades;
- percentage (%) of the timely implementation of recertification (it is an indicator showing which part of the planned recertification was carried out in accordance with the schedule). Recertification is carried out one year after recertification +/- 14 days
- Number of newly hired employees for blue-collar workers' positions during pre-certification training.
- Number of trainers of the profession.
- Number of incidents involving new employees (monitoring of the first 6 months of work since employment).

Tire Company Dębica S.A. monitors the implementation of the training plan on a monthly basis. By the end of 2017, 3429 "training units" had been held. The "unit" monitoring indicator has been adopted, because people the same people may participate in the training sessions more than once. Tire Company Dębica S.A. supervises the number of trainees.

In 2018, a Training Week was organized, with training and sessions, lecturers and courses run on the following topics.

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- A new IATF quality standard.
- FMEA - quality management methods.
- Basics of visual presentations.
- NPI - implementation of a new product.
- First pre-medical help - for all factory units.
- Change management

As part of the process of reviewing the performance and the annual appraisal of the previous year, there were two training sessions for supervisors assessing employees in non-blue-collar positions - key principles for conducting effective discussions.

The company carried out also online training in this area:

- GDPR – General Data Protection Regulation - principles after the amendment of the Act (342 people)
- Rudiments of Labour Law (24 trainees)
- Operational principles of the Employee Pension Scheme
- Registration of working time according to the new system

A coaching training called "Inside-out GROW" carried out by an in-house trainer, attended by 55 people, was implemented for the managerial staff.

The training courses and sessions were very popular and will be continued in 2019 for all interested employees.

Employee benefits:

- **Private medical care package and an on-site outpatient clinic**

In 2018 Tire Company Dębica S.A. provides employees with specialist medical care at the on-site outpatient clinic at Dębica. The cost of medical care is covered entirely by the Company, the employees pay only the social security contribution and the tax on the value of specialist care (not related to labour medicine).

The Company tries to help actively its personnel who need medical help and develops systematically an on-site outpatient clinic in Dębica. In 2017, the clinic was expanded to include a rehabilitation office, where employees and members of their families will be offered:

- consultations of a physiotherapist,
- physiotherapy, including: phonophoresis, electrostimulation, galvanization, local cryotherapy, laser, magnetic field, currents, ultrasounds, iontophoresis,
- kinesiotherapy, including: instructional and improvement exercises, individual therapy

The clinic was reopened on 1 December 2017 following a renovation. It now meets all the latest standards, and the first floor can be accessed by elevator - which is especially important to people who have difficulty with walking on the stairs.

- **Employee Savings and Loan Association**

The Company runs an Employee Savings and Loan Association for its employees. Each employee employed against a contract with unlimited duration can be a member of the Fund. To enrol the Fund one should visit the Employee Service Centre at Dębica and complete the relevant application form and pay an entry fee of PLN 30. From that moment on, a premium of 2% is deducted from an employee's salary toward the Fund. Loans granted by the Fund are interest-free throughout the repayment period.

- **Corporate Social Benefits Fund**

The Company runs an Social Benefits Fund. Each and offers part financing for the following causes:

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- part financing of holiday leaves
- financial support in difficult life situation
- carrying out sports and recreation activities
- carrying out cultural and educational activities

The following persons are eligible for part-financing from Corporate Social Benefits Fund:

- employees employed in the Company under a contract of employment regardless of the length of employment;
- former employees receiving pension or disability pension or a pre-retirement benefits, if the Company was their last place of employment
- family members

The benefits paid under the Fund depend on the employee's life and financial position and the social criterion.

- **Group Insurance**

Company employees can join the Group Insurance system, with aim is to provide a sense of security to the insured and their relatives through financial support in the event of unpredictable fortuitous events.

One can also apply for insurance for spouses, partners and adult children. The premiums and level of benefits negotiated by the Company are more competitive when compared to individually concluded insurance contracts.

- **Employee Pension Scheme**

In 2018, the Employee Pension Scheme (EPS) was launched for the Company employees, which enjoys tax allowance and is one of the most advantageous forms of saving under the pension system.

Each employee can apply for Scheme membership and without incurring costs, build their retirement future. Thanks to this, the Company helps employees to achieve a higher retirement by paying **for an employee a monthly contribution of 3.5% of the employee remuneration**, which represents the calculation base for contributions to old-age and disability insurance.

Relations between employer and employees

One of the important employee issues is the existence and functioning of the Corporate Collective Labour Agreement. The Agreement was concluded between the Company and the trade unions operating in the company, i.e. "Solidarity" Independent, Self-Governing Trade Unions and The Chemists Trade Unions at Tire Company Dębica S.A.

The purpose of the arrangement is to lay down conditions for the implementation of the strategy adopted by the Company and to achieve the assumed business performance, while providing employees with appropriate working conditions and fair remuneration and other benefits.

Natural Environment

Content:

- Environment protection rules
- Corporate environmental protection priorities
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions in this respect in 2017 and 2018.

Environmental Protection Rules

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In its operations Tire Company Dębica S.A. follows the principle of the utmost care for the natural environment, as well as occupational health and safety and the quality of the products offered.

Company priorities with respect to the environment protection and working environment

The Company has the following priorities related to environmental²⁰ protection:

- Continuous reduction of environmental impact by segregating and reducing the amount of wastes, reducing emissions of pollutants into the air, soil and water and preventing serious failures.
- Improving the energy efficiency by ensuring access to information and all resources necessary to attain goals and perform tasks, purchasing energy-efficient products and services, as well as improvement of process efficiency.
- Continuous improvement of work safety by engaging employees in occupational health and safety related activities, increasing their awareness of ergonomics, improving the safety of machines and devices and promoting safe behaviour among all personnel members working on the Company site.

To this extent, the Company employees operate through the so-called PEC committees (People Environmental Care). Moreover, at the plant level the Company operates 3 subcommittees dealing with the environment, fire protection and noise, respectively. In addition, the Company operates the Ergonomics Centre (opened in 2017) training employees how to work ergonomically. The Centre is equipped with models of the devices operated by the personnel on everyday basis. To date the Centre has trained over 2000 people. In 2018 the goal was to train 100% of blue collar workers. Although no record is kept of the number of trained employees however, one can assume that the Company managed to attain the above goal almost entirely in 2018. The Company personnel are also involved in projects aimed at improving work safety.

Administrative bases and due diligence procedures

As regards environment protection and occupational health and safety, Tire Company Dębica S.A. applies due diligence procedures at three levels:

- A) Compliance with requirements specified in the laws of the Republic of Poland.
- B) Effective management norms and standards applied by the Company.
- C) The implementation documents applied by the Company - from the Integrated Management System Manual to instructions related to individual processes and activities.

A) Legal order

The Company runs its activities in compliance with the effective laws of the Republic of Poland. Therefore, Tire Company Dębica S.A. complies with the following parliamentary acts:

- Environmental Law of 27 April 2001, consolidated text of 13 April 2018
- Waste Act of 14 December 2012, consolidated text of 10 May 2018
- Labour Code Act, consolidated text of 13 April 2018
- Act on the responsibilities of entrepreneurs regarding the management of certain wastes and the product fee of 11 May 2001, consolidated text of 14 September 2001,
- Act on packaging and packaging waste management of 13 June 2013, consolidated text of 19 October 2016

²⁰ Quality, Environmental Protection, Occupational Health and Safety, and Energy Policy of T.C. Dębica S.A., May 2018.

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- Act of 17 July 2017 – Water Law, consolidated text of 9 November 2018
- Act of 15 May 2015 on the substances causing depletion of ozone layer and on certain fluorinated greenhouse gases, consolidated text of 6 November 2018
- Nature Conservation Act of 16 April 2004 (consolidated text Journal of Laws of 8 December 2017)
- Act of 7 July 1994 called Construction Law (consolidated text Journal of Laws of 8 June 2017)
- Fire Protection Act of 24 August 2004 (consolidated text, Journal of Laws of 6 March 2018)
- Act on the greenhouse gas and other substances managing system, consolidated text of 7 June 2018.
- Act of 12 June 2015 on trading greenhouse gas emission allowances, consolidated text of 10 May 2018

B) Management norms and standards

- IATF 16949 technical specification specifying the standards of quality systems in the global automotive industry, particularly the requirements for a quality system for products related to the design or development, manufacture, installation and maintenance in the automotive industry. The implementation of the specification was confirmed by IATF certificate (International Automotive Task Force) no. 200561 issued by Bureau Veritas on 19 October 2018, valid through 18 October 2021. An IATF 16949 recertification audit was carried out in June 2018.
- ISO 14001:2004 environmental management standard requiring continuous improvement of activities of a certain organization opportunities and risks that are used to build environmental goals, tasks and programs. The implementation of the standard was confirmed by a certificate No. BE009817 issued by Bureau Veritas on 4 September 2018, valid through 3 September 2021.
- The Occupational Health and Safety Management System based on OHSAS 8001:2007 standard, covering comprehensive management of this area in the Company and representing a continuous improvement commitment. The implementation of the Occupational Health and Safety Management System was confirmed by a certificate No. UK011118, issued by Bureau Veritas on 30 January 2019, valid through 11 March 2021.
- The **ISO 50001:2011** standard related to the reduction of costs and greenhouse gas emissions as well as to energy efficiency of an enterprise. The implementation of the standard was confirmed by a certificate NO. BEL-170040/EnMS issued by Bureau Veritas on 29 March 2017 (an audit regarding the implementation of the standard was carried out on 12 January 2017) valid through 28 March 2020.

C) Implementation documents related to the environment protection and occupational health and safety

Main policy-related documents

- The quality, environment protection, occupational health and safety and energy policy for Tire Company S.A. approved in May 2018 by the Production Director.
- The Integrated Management System Manual
- Systemic procedures
- Operational Manuals

Below we present selected documents implementing due diligence procedures in the Company regarding its operations.

Environmental risk type management

An instruction specifying the methodology for assessment of individual environmental aspects for all organizational units of the plant, allowing, inter alia, to manage properly the risk in the environment management area.

Waste management

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Regulation No. 6/2016 of the CEO of Tire Company Dębica S.A. of 1 October 2016 on waste management instructions implementing "Instructions for Waste Management at Tire Company Dębica S.A." in order to comply with the legal requirements on waste management.

Prevention of serious industrial failures

Regulation No. 3/2017 of the CEO of Tire Company Dębica S.A. of 31 March 2017 on the instruction related to the prevention of serious failures caused by Tire Company Dębica S.A.'s activities, implementing the "Instructions for Prevention of a Serious Failure Caused by Fault of Tire Company Dębica S.A." in order to prepare the Company to take appropriate steps in the event of a failure caused by Company activities.

Occupational Health and Safety

- Occupational Health and Safety Instructions - a system for reporting, recording and analysing near misses.
- Regulation No. 1/2016 of the CEO of Tire Company Dębica S.A. of 11 April 2016 on the internal transport, implementing the "Instructions for the internal transport at Tire company Dębica S.A." in order to improve the occupational safety and internal transport management.
- Regulation no. 2/2008 of the CEO of Tire Company Dębica S.A. of 18 March 2008 on the "Fire Operational Instructions."
- A complete list of documents in electronic databases available in paper format to employees without access to computers.

The effects of application of the Company's policies and actions in 2017 and 2018.

Update of in-house regulations

In 2018, Tire Company Dębica S.A. performed numerous environmental initiatives. The effective law required updating the "integrated permission" decision issued by the Marshal of the Subcarpathian Province.

As a result of this change the Company better manages its gaseous and dust emissions. These activities are mainly concerned with the changes of the method of connecting the emission sources to emitters, change of the working time of the sources and emitters.

The new Decision amends also:

- the provisions related to the consumption of raw materials (including but not limited to a reduction of consumption of gasoline in 2018 from 1.5 to 1.1 tonnes per year (tpy), whereas the consumption of gasoline in 2017 was reduced from 3 to 1,5 tpy); In 2017 the consumption of stearin was reduced from 1500 to 1300 tpy and in 2018 it was maintained at the level of 1300 tpy).
- the provisions related to the volume of generated waste (including but not limited to a reduction of waste generation coded 15 01 03, i.e. wooden packaging, from 1500 to 1000 tpy). In 2017 the reduction of this waste was at the level of 2000 to 1500 tpy.

Water consumption

In the last 3 years Tire Company Dębica S.A. has implemented a programme aimed at reduction of consumption of water for utility purposes by building employees' awareness of the protection of natural resources. In 2018, the Company managed to achieve a reduction in water consumption per tonne of the product from 4.3 m3 in 2017 to 3.4 m3. The level of utility water consumption remained at a similar level as in 2017.

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Table. Consumption of water for household use in 2015–2018 ('000 m³):

2015	2016	2017	2018
132	121	101	101

Table . Water in m³ per tonne of product in 2015–2018:

2015	2016	2017	2018
5.5	4.4	4.3	3.4

Environmental fees

In 2018 owing to an increase of charges for water and effluents and new method for their calculation, the environmental fees went up compared to 2017.

Table: Environmental fee index per tonne of product in 2015–2018 (in PLN per tonne of product):

2015	2016	2017	2018
1.8	1.7	1.6	1.9

Air emissions

Tire Company Dębica S.A. aims at reduction of air emissions from manufacturing processes. It provides effective operation of air emission control devices, eliminates the consumption of gasoline which is a source of volatile organic compounds, implements projects with the aim to optimize heat consumption at the plant.

Table: The volume of carbon dioxide emissions from the energy generating fuel combustion process in 2015-2018 ('000 tons):

2015	2016	2017	2018
34	34	34	35

Reduction of energy consumption

In 2018, the energy efficiency plan was followed up with regard to the modernisation of the thermal insulation of steam pipelines and heating systems for curing presses, which helped the Company to save some 5 797 tonnes of steam per year or some – 417,443 Nm³ of natural gas. As a result of modernization of the manufacturing equipment and optimization of the compressed air consumption the Company saved 257,713 KWh of electric energy.

The attached table shows the progress of the total energy consumption expressed in BTU (thermal + electrical) per unit of a finished product expressed in lb between 2015 and 2018.

Table: Energy consumption index BTU/lb in 2015–2018:

2015	2016	2017	2018
6087	6021	5871	4030

Occupational safety

Key Performance Indicators (KPIs) in the safety area calculated in 2018 include:

Indicator	Value in 2018	Value in 2017
Accidents (number of OSHA accidents + number of incidents when first aid had to be provided)	34	20
No. of irregularities left open after corporate audit	0	0

Other environmental initiatives

In its operations Tire Company S.A. follows the principle of maximization of environmental protection, goes beyond the mandatory statutory requirements and applies the best practices of The Goodyear Tire & Rubber Company and supports indirectly industry-specific initiatives for enhancing quality and environmental standards.

Support to industry-specific initiatives:

- The European Tire and Rubber Manufacturers Association (ETRMA)

Tire Company Dębica S.A. always seeks to apply the ETRMA recommendations. The main purposes of ETRMA is to represent the regulatory and related interests of the European tire and rubber manufacturers both in Europe-and world-wide.

- Tire Industry Project

In addition, Tire Company Dębica S.A. supports also indirectly the initiatives of the Tire Industry Project (TIP) of the World Business Council on Sustainable Development (WBCSD).

4.4.2.4. Respect for human rights and diversity management

Content:

- Principles related to respecting human rights and diversity management
- The Company's priorities in the area of human rights and diversity management
- Administrative bases and due diligence procedures
- The effects of application of relevant Company's policies and actions in 2017 and 2018.

Tire Company Dębica S.A. wants to show in its activities that the its employees reflect the communities and customers they serve. The Company believes that diverse staff is the key to success in the market, and the Company's culture based on integration allows its associates to contribute to development of a fair environment to the best possible extent.

The Company strives to meet all standards in the field of respect for human rights and diversity of employees. The human rights and diversity management policies apply equally to the Company's governing bodies, its key managers and to all employees. In particular, they apply to the absence of any discrimination based on sex, age, origin, race, sexual orientation, marital status, disability, political views, religion or any other aspect of diversity.

As regards diversity features, such as education or professional experience, the Company decided that the process of hiring managers and all employees in general is based on the criteria such as competence and experience of the candidate to perform certain function..

Tire Company Dębica S.A.

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The current Management Board of the Company is composed of 5 males, of which 1 is between 30 and 50 years old, whereas the remaining four Management Board members are over 50 years of age. On the other hand, the Company's Supervisory Board consists of 6 males and 1 woman, of which one is between 30 and 50 years of age, while 6 remaining persons are over 50 years of age.

The aim of the Company is to nurture in the working environment an atmosphere of promoting the maximization of the potential of the company's employees, as well as to breed the spirit of cooperation between various employee groups.

In the area of respect for human rights and diversity management, Tire Company Dębica S.A. is follows the following principles:

- commitment to development of a workplace that fosters integration without harassment and discrimination;
- all forms of forced labour or human trafficking are prohibited;
- a ban on children abuse, including child labour;
- freedom of association and joining organizations (e.g. trade unions) and the right to refuse to join an organization;
- compliance with applicable laws and regulations regarding remuneration and hours worked;
- securing a safe workplace.

The Company's priorities regarding human rights and diversity management are related to the following issues:

- Discrimination - the Company pursues a "Zero Tolerance" policy and undertakes to maintain a workplace free of harassment and discrimination based on the status of a person, e.g. race, colour, religion, nationality, gender, sexual orientation, age, disability or other characteristics protected by applicable law.
- Forced labour - the presence of each employee at work must be voluntary. The use of all forms of forced labour, slave labour or trafficking is expressly forbidden.
- Child labour - The Company does not accept illegal employment or exploitation of children in the workplace.
- Freedom of association - The Company recognizes and respects workers' rights and the freedom to join an organization of their own choice or refrain from joining an organization. Employees who have chosen trade unions in accordance with applicable laws and regulations are entitled to negotiate jointly by representatives chosen by them. No employee is threatened with dismissal, discrimination, harassment, intimidation or retaliation because of his affiliation to a legal employee association.
- Working time and remuneration - the Company undertakes to comply with all applicable laws and regulations related to remuneration, which the Company pays to associates and their working time.
- Safe workplace - the Company cares about the safety and health of its employees. It takes steps to reduce the risk of accidents at work, injury or loss of health. In particular, this obligation covers all forms of violence in the workplace prohibited by the company's policy.
- Suppliers - The company attempts to deal with suppliers who observe similar standards in their relations with their employees and their own supply chains.

Administrative bases and due diligence procedures

With regard to human rights, Tire Company Dębica S.A. applies due diligence procedures at two levels:

- A) Requirements set forth in the laws of the Republic of Poland and in relevant international legislation
- B) At the level of implementation documents in force at the Company.

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The Company acts in compliance with the applicable law, in particular, the Labour Code, Penal Code and the Civil Code, as well as with the Act of 3 December 2010 on the implementation of certain European Union provisions concerning equal treatment (Journal of Laws of 2010, No. 254, item 1700).

In addition, in its activities and processes, the Company respects relevant international legislation concerning respect for human rights.

Major in-house documents of the Company (due diligence procedures) used to implement the policy regarding the compliance with human rights outside the Labour Regulations and the Corporate Collective Labour Agreement include inter alia:

- The Code of Professional Ethics, which helps employees to understand the Company's commitment to comply with the highest ethical and legal standards in conducting business operations, and to facilitate the proper assessment of the situation and act in an appropriate manner.
- Policy of observance of human rights regulating the fundamental issues of human rights: discrimination, forced labour, child labour, freedom of association, hours of work and remuneration, health and safety, suppliers.
- The "Zero Tolerance" policy describing the Company's approach to the issues of discrimination, harassment and violence and how to report such behaviour. The company applies the zero tolerance policy to all acts of harassment and discrimination based on race, colour, religion, nationality, gender, sexual orientation, age, disability or for any other reason indicated in the law by employees, as well as people outside company.
- A Code of Supplier's Conduct, which contributes to the fact that the Company runs business with reputable business partners adhering to the company's ethical standards and business practices. The Code is available to every business partner of the Company and includes provisions regarding the requirement of full compliance with applicable laws and other regulations, in particular with regard to child labour, pay and working time, prohibition of discrimination and forced labour, environmental protection and freedom of assembly, care for safe and hygienic working conditions, guidelines on gifts, gratuities and prevention of corruption

A complete list of documents can be found in the relevant departments responsible for updating and complying with them.

A system for reporting doubts or breaches of applicable rules

The company supports the culture in which asking questions, reporting doubts and threats by employees is natural and desirable. The Company's activities encourage employees to actively participate in the discussion about their working environment.

All employees who have information about breaking the Company's rules or suspected violation of these rules should immediately contact their superior or a company lawyer. Employees should also signal situations when they are told to or forced to behave unethically or unlawfully.

Every employee is required to speak when they are aware of a potential violation of the rules. One can voice their concerns by asking questions, reprimanding and reporting irregularities. Instances of violation of the Company's policy or any other unethical behaviour a certain employee is aware of should always be reported.

There are several ways to report breaches in the Company:

- Informing the supervisor, the Human Resources Department or the Legal Department,
- Online hotline available at <http://goodyear.ethicspoint.com> having available version in Polish.
- Free hotline available at 008 001 510 096. It is operated on 24/7 basis.

The company prohibits any form of revenge against an employee or holding them responsible for expressing their concerns in good faith about a potential breach of law or company policies.

The effects of application of the Company's policies and actions in this area in 2017 and 2018.

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In 2018 the Company undertook many initiatives for human rights and for supporting diversity. These included, but were not limited to:

- Providing each new employee with a copy of the Code of Professional Ethics and receiving confirmation that the employee undertakes to act in compliance with the policy and applicable provisions of the Code and notify any violations or suspected breaches of these provisions.
- In 2017 and 2018 all new employees received a copy of the Code of Professional Ethics.
- Certificate confirming knowledge and application of the Professional Ethics Code by office employees. Every December, employees are required to confirm their knowledge of the Code by means of a special electronic tool.
- An information campaign on the possibility of reporting violations of the rules applied by the Company. In September 2018, posters were prepared and displayed at visible places indicating options for employees to report irregularities.

- A series of articles on the subject of diversity in the internal employee magazine distributed in over 2000 copies. Publications addressed such issues as: the role of women in the life of the Company ("Women's Power" - "Oponowości" 3/2017); giving distinctions to employees with long-term experience ("Half a century with a good brand" - "Oponowości" 9/2017) and principles of mutual respect and understanding of diversity ("The Power of Diversity" - "Oponowości" 12/2017). In 2018 a new article was published under the title of "Code of Professional Ethics after a face-lifting" – "Oponowości" 9-11/2018.

4.4.2.5. Counteracting corruption

Content:

- Company priorities concerning counteracting corruption
- Management bases and due diligence procedures concerning counteracting corruption
- The effects of application of the Company's policies and actions in this respect in 2017 and 2018.

Tire Company Dębica S.A. follows the principle of operating in full compliance with applicable laws and in-house regulations concerning counteracting corruption.

Major objectives in this area are as follows:

- striving at the elimination of any instances of corruption at the Company;
- taking awareness-raising activities for employees, including educational campaigns and regular training sessions on ethics, anti-corruption and compliance;
- raising awareness of the obligation to know key documents on professional ethics by company employees and suppliers.

Administrative bases and due diligence procedures concerning counteracting corruption

In the field of counteracting corruption Tire Company Dębica S.A. applies due diligence procedures at two levels:

- A) Requirements specified in the laws of the Republic of Poland
- B) The management norms and standards applied by the Company.

Major documents defining the area of counteracting corruption:

- The Professional Ethics Code, which helps the Company's employees understand the Company's commitment to complying with the highest ethical and legal standards in conducting its business operations, as well as facilitate proper assessment of the situation and behave in an appropriate manner.
- A Code of Supplier's Conduct that helps in making sure that the Company cooperates with responsible partners who also know the Company's ethical standards.

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- A global procurement policy that defines the requirements for all activities related to placing orders as part of the ordering process for all materials, equipment, goods and services.

Counteracting corruption:

- Anti-corruption rules, which contain specific rules of conduct on, inter alia: cooperation with third parties, donations, gifts, travel, meals or reporting of fraud.
- An international operational guide on compliance with anti-corruption rules that presents measures and procedures that help ensure compliance with the Goodyear Tire & Rubber and related companies' anti-corruption policies.
- Anti-Fraud Policy established to support the development of controls aimed at preventing and detecting fraud against Goodyear Tire & Rubber Company and its subsidiaries, and describes the "hotline" activity (telephone line to which employees can report your comments on cases of corruption / abuse) and how to report online fraud.
- "Giving and accepting gifts / taking and using entertainment expenses" are guidelines for presenting / offering gifts and entertainment expenses to third parties

Use of confidential information:

- Regulations regarding confidential information and the duties of persons performing managerial functions and persons closely associated with them, adopted to ensure compliance by the Company, Management Board, Supervisory Board and Employees with Regulation (EU) No. 596/2014 on market abuse and secondary legislation issued based thereon.
- Memorandum on current information duties and obligations of persons having access to confidential information in the Company. The document contains important information regarding the duties of employees, workmates and persons performing management functions in the Company in connection with the fulfilment of information obligations of a company listed on the Warsaw Stock Exchange.

A complete list of documents can be found in the relevant departments responsible for updating and observing them.

4.5. Rules used to prepare this Statement on non-financial data

For the purposes of developing this "Statement on non-financial data", the Company performed in-house analysis of the activities carried out, its due diligence policies and procedures. In-house analyses were made, inter alia, based on international standards of the Global Reporting Initiative (GRI) version G4.

As a result, pursuant to Art. 49b, par. 8 of the Accounting Act, the selection of own principles based on non-financial aspects was made to the extent to which they are necessary to assess the Company development, performance and position.

5. Other information.

A

In 2018 the value of transactions with related entities that belong to Goodyear concern concerning the sales of products, goods and services totalled PLN 1,713.8 million, and concerning the disposal of fixed assets - PLN 4.4 million.

The value of purchase transactions totalled PLN 540.6 million. In the accounting year covered by the financial statements, the Company did not enter into any significant transactions with related entities under terms other than those close to the arm's length principle.

B

Tire Company Dębica S.A.

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The Company did not extend any sureties, nor guarantees, nor did it take out any loans. The Company used overdraft facilities. At the end of 2018 the liabilities related to the overdraft facilities totalled zero. In 2018, overdraft facility contracts with four banks were in force for the total amount of maximum PLN 175 million.

DETAILS OF EXTENDED OVERDRAFT FACILITIES

Name of entity including legal status	Credit / loan amount under Agreement ('000 PLN)	Currency	External interest rate	Maturity Date	Security
BANK PEKAO S.A.	60,000	PLN	WIBOR 1M + 1,30%	30.09.2019	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
ING BANK SA	30,000	PLN	WIBOR 1M + 1,1%	30.11.2019	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.
RAIFFEISEN BANK POLSKA S.A.	40,000	PLN	WIBOR 1M + 1,25%	24.02.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code
MBANK SA	45,000	PLN	WIBOR ON + 1,30%	31.03.2020	a power of attorney to use current account, statement about voluntary subjecting oneself to enforcement procedure pursuant to Art. 777 § 1 of the Act on Civil Procedure Code.

W 2018 the Company extended five short-term loans to Goodyear S.A. with its registered office in Luxembourg. Detailed information about loans extended to Goodyear S.A. is provided in table below:

Date of Loan Agreement	23 Dec. 2016	29 Jun. 2017	22 Sept. 2017	18 Dec. 2017	22 Dec. 2017
maturity date (loan repayment)	22 Dec. 2017	29 Jun. 2018	21 Sept. 2018	3 Jan. 2018	1 Mar. 2018
contractual compensation	WIBOR 1M+0.1%				
Loan Amount ('000 PLN)	85,000	55,000	70,000	60,000	65,000
interests realized in 2018 ('000 PLN)	90.2	555.5	987.3	46.2	212.1
principal of Loans as of 31 Dec. 2018	0	0	0	0	0
Interest accrued as of 31 Dec. 2018	0	0	0	0	0

Date of Loan Agreement	22 Dec. 2017	29 Jun. 2018	27 Sept. 2018	14 Dec. 2018	21 Dec. 2018	21 Dec. 2018
maturity date (loan repayment)	21 Dec. 2018	28 Jun. 2019	27 Sept. 2019	13 Dec. 2019	2 Jan. 2019	1 Feb. 2019
contractual compensation	WIBOR 1Y+0.1%					
Loan Amount ('000 PLN)	100,000	55,000	70,000	40,000	45,000	140,000
interests realized in 2018 ('000 PLN)	1,830.2	452.4	241.8	0.0	0.0	0.0
principal of Loans as of 31 Dec. 2018 ('000 PLN)	0	55,000	70,000	40,000	45,000	140,000
Interest accrued as of 31 Dec. 2018 ('000 PLN)	107.9	92.0	117.1	38.9	26.7	83.1

The financial resources in the Company possession enabled it to pay on time the incurred liabilities.

In the period covered by the Report the Company did not issue any debt or equity securities.

C

Tire Company Dębica S.A.

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In 2018 the Company did not invest into any securities, financial instruments nor real properties.

D

The Company did not announce publicly the financial forecast for 2018.

E

The Company is a party to the following material contracts:

- On 1 February 2018 the Company concluded with Goodyear Dunlop Tires Operations S.A. with its registered office in Colmar-Berg, Luxembourg, ("Goodyear"), (i) a master sales agreement and (ii) a master resale agreement ("Agreements"). The Agreements are effective from 1 January 2018, which was communicated by the Company in its current report RB 2/2018.
- At the same date, the parties agreed to terminate, with effect from 1 January 2018, the Agreement on Technical Assistance and Licensing Contract of 14 August 2014 concluded by the Company with Goodyear S.A. with its registered office in Colmar Berg, Luxembourg, which was communicated by the Company in its Current Report No. 17/2014, dated 14 August 2014 and the service contract concluded by the Company with Goodyear Dunlop Tires Operations S.A. with its registered office in Colmar Berg, Luxembourg on 1 January 2006, which was communicated by the Company in its Current Report RB 2/2018.
- Loan agreements concerning loans extended to Goodyear SA, as announced by the Company in its Current Reports Nos. 17/2018, 25/2018, 34/2018, 36/2018

The Company does not know any contracts concluded between shareholders (partners), insurance contracts, joint effort or co-operation agreements.

F

In 2018 no changes were made in the fundamental rules for company management.

G

Information about remuneration of the officers managing and supervising the Company:

EBIT ('000 PLN)	2018	2017
I. Paid or due remuneration to the persons who are members of management bodies, including:		
1. Compensation	4,187.60	3,313.40
Leszek Szafran – President of the Management Board	1,208.00	1,434.00
Ireneusz Maksymiuk - A Management Board member	830.00	886.00
Michał Mędrek - A Management Board member	618.00	649.00
Paweł Miłoszewski - A Management Board member	536.00	152.00
Mirosław Maziarka - A Management Board member	995.60	192.40
II. Paid or due remuneration to the persons who are members of supervisory bodies, including:	393.00	370.00
1. Compensation	393.00	370.00
Maciej Mataczyński – The Chairman of Supervisory Board	151.00	142.00
Magdalena Szymczak - a Supervisory Board member,	121.00	114.00
Janusz Reiter - a Supervisory Board member,	121.00	114.00
TOTAL	4,580.60	3,683.40

H

Tire Company Dębica S.A.

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The following members of the Company's governing bodies were holding shares in T.C. Debica S.A.:
Janusz Raś - Member of the Supervisory Board - 15 shares

Each share has a par value of PLN 8.

I

The Company has no knowledge about any contracts that could lead in the future to changes in the proportions of shares held.

J)

No material events concerning previous years have occurred that would have impact on this Financial Statement.

K

In 2018 no acquisition, nor disposal of own shares/interest took place.

I

Material litigation pending before court in 2018:

On 3 August 2018 Tire Company Dębica S.A. ("Company") was informed about filing by the following funds managed by Altus TFI S.A.: Altus Closed-End, Active Equity Investment Fund, ALTUS Closed-End Active Allocation of Dividend Companies Investment Fund, Altus Closed-End, Absolute Return Rate Investment Fund with separated subfunds: Altus Subfund Absolute Rate of Return of Foreign Markets and Altus Subfund Absolute Rate of Return of the Polish Market, ALTUS Closed-End Absolute Rate of Return Investment Fund of the Polish Market 2, ALTUS Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2, ALTUS Closed-End Equity+ Investment Fund, Altus Open-End Umbrella Investment Fund with separate subfunds: Altus Subfund of Absolute Return Rate of the Polish Market; Altus Subfund of Stable Growth; Altus Subfund of Optimal Growth; Altus Equity Subfund (hereinafter referred to as "Funds managed by Altus TFI S.A") and by Anastasia van Kannel claims for determination of non-existence, alternatively declaration of invalidity, alternatively cancellation of some of the resolutions adopted by the Annual Ordinary General Meeting of Shareholders of 14 June 2018 ("AGM").

Subject of the claim brought by the funds managed by Altus TFI S.A. Investment Fund Society is to determine the non-existence, or alternatively to declare the following resolutions of the Ordinary General Meeting of Shareholders null and void:

- No. 2 concerning election of the Chairman of the Ordinary General Meeting;
- No. 3 concerning the adoption of the agenda consistent with the announcement of the Ordinary General Meeting;
- No. 5 on the election of the Secretary of the Ordinary General Meeting;
- No. 6 concerning approval of the Company's financial statements for the year 2017;
- No. 7 concerning approval of the report of the Company's Management Board on the Company's activity for the year 2017;
- No. 8 concerning approval of the report of the Supervisory Board on the Company's activities for the year 2017;
- No. 9 concerning the distribution of profit for 2017;
- No. 10 on granting a vote of acceptance to Mr. Stanisław Cieszkowski, Member of the Management Board;
- No. 11 concerning granting a vote of acceptance to Mr. Michał Mędrek, Member of the Management Board;

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- No. 12 concerning granting a vote of acceptance to Mr. Leszek Szafran, Member of the Management Board
- No. 13 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Ireneusz Maksymiuk;
- No. 14 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Paweł Miłoszewski;
- No. 15 on granting a vote of acceptance to Mr. Mirosław Maziarka, Member of the Management Board;
- No. 16 concerning granting a vote of acceptance to Mr. Jacek Pryczek, Member of the Supervisory Board;
- No. 17 concerning granting a vote of acceptance to Mr. Dominik Golsong, Member of the Supervisory Board;
- No. 18 on acknowledging the fulfilment of duties by Member of the Supervisory Board Mr. Karl Brocklehurst
- No. 19 on acknowledging the fulfilment of duties by a member of the Supervisory Board Mr. Maciej Mataczyński
- No 20 on acknowledging the fulfilment of duties by a member of the Supervisory Board Ms. Renata Kowalska - Andres
- No. 21 concerning granting a vote of acceptance to Mr. Łukasz Rędziniak, Member of the Supervisory Board;
- No. 22 concerning granting a vote of acceptance to Mr. Janusz Ras, Member of the Supervisory Board;
- No. 23 concerning granting a vote of acceptance to Mr. Leszek Cichocki, Member of the Supervisory Board;
- No. 24 concerning the determination that the Supervisory Board shall be composed of 7 members during the term of office starting on 14 June 2018;
- No. 25 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018 Mr Leszek Cichocki
- No. 26 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018 Mr Dominikus Golsong;
- No. 28 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018 Ms Renata Kowalska - Andres;
- No. 29 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018 Mr Maciej Mataczyński;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018 Mr. Jacek Pryczek;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018 Mr. Łukasz Rędziniak.

Subject of the claim brought by Anastasia van Kannel is to determine the non-existence, or alternatively to declare the following resolutions of the Ordinary General Meeting null and void:

- No. 6 concerning the approval of the 2017 financial statements;
- No. 9 concerning the distribution of profit for 2017;
- No. 25 concerning appointment of Mr. Leszek Cichocki to the Supervisory Board ;

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- No. 26 concerning appointment of Dominikus Golsong to the Supervisory Board ;
- No. 28 concerning appointment of Renata Kowalska-Anders to the Supervisory Board ;
- No. 29 concerning appointment of Maciej Mataczyński to the Supervisory Board ;
- No. 30 concerning appointment of Jacek Pryczek to the Supervisory Board
- No. 31 concerning appointment of Mr. Łukasz Rędziniak to the Supervisory Board .

The Management Board informs that the numbering of resolutions and the description of their subject matter are given above in accordance with the *petitum* of each of the claims.

On 7 December 2018 the District Court in Rzeszów, 6th Commercial Division (hereinafter: the "Court") issued a verdict dismissing in its entirety claim brought by shareholder Anastasia van Kannel to determine the non-existence, or alternatively to declare the resolutions of the Ordinary General Shareholders Meeting of the Company from June 14, 2018 (OGM) null and void. The dismissed claim concerned the following resolutions:

- No. 6 concerning the approval of the financial statements for the year 2017;
- No. 9 concerning the distribution of profit for 2017;
- No. 25 concerning appointment to the Supervisory Board of Mr. Leszek Cichocki;
- No. 26 concerning appointment to the Supervisory Board of Dominikus Golsong;
- No. 28 concerning appointment to the Supervisory Board of Renata Kowalska-Anders;
- No. 29 concerning appointment to the Supervisory Board of Maciej Mataczyński;
- No. 30 concerning appointment of Jacek Pryczek to the Supervisory Board
- No. 31 concerning appointment to the Supervisory Board of Mr. Łukasz Rędziniak.

The Management Board informs that the numbering of resolutions and the description of their subject matter are given above in accordance with the *petitum* of each of the claims.

The verdict is not final and binding.

On 21 December 2018 the District Court in Rzeszów, 6th Commercial Division (hereinafter: "Court") dismissed the claim filed by the following funds managed by Altus TFI S.A. The Management Board of Dębica SA:

Altus Closed-End, Active Equity Investment Fund, ALTUS Closed-End Active Allocation of Dividend Companies Investment Fund, Altus Closed-End, Absolute Return Rate Investment Fund with separated subfunds: Altus Subfund Absolute Rate of Return of Foreign Markets and Altus Subfund Absolute Rate of Return of the Polish Market, ALTUS Closed-End Absolute Rate of Return Investment Fund of the Polish Market 2, ALTUS Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2, ALTUS Closed-End Equity+ Investment Fund, Altus Open-End Umbrella Investment Fund with separate subfunds: Altus Subfund of Absolute Return Rate of the Polish Market; Altus Subfund of Stable Growth; Altus Subfund of Optimal Growth; Altus Equity Subfund

(hereinafter referred to as "Funds managed by Altus TFI S.A") concerning determination of non-existence, alternatively declaration of invalidity, alternatively cancellation of some of the resolutions adopted by the Annual Ordinary General Meeting of June 14, 2018 ("AGM"):

- No. 2 concerning election of the Chairman of the Ordinary General Meeting;

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- No. 3 concerning the adoption of the agenda consistent with the announcement of the Ordinary General Meeting;
- No. 5 on the election of the Secretary of the Ordinary General Meeting;
- No. 6 concerning approval of the Company's financial statements for the year 2017;
- No. 7 concerning approval of the report of the Company's Management Board on the Company's activity for the year 2017;
- No. 8 concerning approval of the report of the Supervisory Board on the Company's activities for the year 2017;
- No. 9 concerning the distribution of profit for 2017;
- No. 10 on granting a vote of acceptance to Mr. Stanisław Cieszkowski, Member of the Management Board;
- No. 11 concerning granting a vote of acceptance to Mr. Michał Mędrak, Member of the Management Board;
- No. 12 concerning granting a vote of acceptance to Mr. Leszek Szafran, Member of the Management Board
- No. 13 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Ireneusz Maksymiuk;
- No. 14 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Paweł Miłoszewski;
- No. 15 on granting a vote of acceptance to Mr. Mirosław Maziarka, Member of the Management Board;
- No. 16 concerning granting a vote of acceptance to Mr. Jacek Pryczek, Member of the Supervisory Board;
- No. 17 concerning granting a vote of acceptance to Mr. Dominik Golsong, Member of the Supervisory Board;
- No. 18 on acknowledging the fulfilment of duties by Member of the Supervisory Board Mr. Karl Brocklehurst
- No. 19 on acknowledging the fulfilment of duties by a member of the Supervisory Board Mr. Maciej Mataczyński
- No 20 on acknowledging the fulfilment of duties by a member of the Supervisory Board Ms. Renata Kowalska - Andres
- No. 21 concerning granting a vote of acceptance to Mr. Łukasz Rędziniak, Member of the Supervisory Board;
- No. 22 concerning granting a vote of acceptance to Mr. Janusz Ras, Member of the Supervisory Board;
- No. 23 concerning granting a vote of acceptance to Mr. Leszek Cichocki, Member of the Supervisory Board;
- No. 24 concerning the determination that the Supervisory Board shall be composed of 7 members during the term of office starting on 14 June 2018;
- No. 25 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018 Mr Leszek Cichocki
- No. 26 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018 Mr Dominikus Golsong;

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- No. 28 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018
Ms Renata Kowalska - Andres;
- No. 29 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr Maciej Mataczyński;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr. Jacek Pryczek;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr. Łukasz Rędziniak.

The Management Board informs that the numbers of resolutions and the description of their subject matter are given above in accordance with the petition of each of the claims.

The verdict is not final and binding.

On 28 September 2018 the Company received an appeal of the Claimant against verdict dismissing in its entirety claim brought by shareholder Anastasia van Kannel to determine the non-existence, or alternatively to declare the resolutions of the Ordinary General Shareholders Meeting of the Company from June 14, 2018 (OGM) null and void. The dismissed claim concerned the following resolutions:

- No. 6 concerning the approval of the financial statements for the year 2017;
- No. 9 concerning the distribution of profit for 2017;
- No. 25 concerning appointment to the Supervisory Board of Mr. Leszek Cichocki;
- No. 26 concerning appointment to the Supervisory Board of Dominikus Golsong;
- No. 28 concerning appointment to the Supervisory Board of Renata Kowalska-Anders;
- No. 29 concerning appointment to the Supervisory Board of Maciej Mataczyński;
- No. 30 concerning appointment of Jacek Pryczek to the Supervisory Board
- No. 31 concerning appointment to the Supervisory Board of Mr. Łukasz Rędziniak.

The Management Board informs that the numbering of resolutions and the description of their subject matter are given above in accordance with the petition of each of the claims.

On 1 April 2019 Tire Company Dębica S.A. ("Company") informed about receiving an appeal lodged by the plaintiff against the verdict of the court of first instance, dismissing in its entirety the action brought by the following funds managed by Altus TFI S.A.:

Altus Closed-End, Active Equity Investment Fund, ALTUS Closed-End Active Allocation of Dividend Companies Investment Fund, Altus Closed-End, Absolute Return Rate Investment Fund with separated subfunds: Altus Subfund Absolute Rate of Return of Foreign Markets and Altus Subfund Absolute Rate of Return of the Polish Market, ALTUS Closed-End Absolute Rate of Return Investment Fund of the Polish Market 2, ALTUS Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2, ALTUS Closed-End Equity+ Investment Fund, Altus Open-End Umbrella Investment Fund with separate subfunds: Altus Subfund of Absolute Return Rate of the Polish Market; Altus Subfund of Stable Growth; Altus Subfund of Optimal Growth; Altus Equity Subfund

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(hereinafter referred to as "Funds managed by Altus TFI S.A") an appeal against verdict of the court of first instance dismissing in its entirety a claim for determination of non-existence, alternatively declaration of invalidity, alternatively cancellation of some of the resolutions adopted by the Annual Ordinary General Meeting of Shareholders of 14 June 2018 ("AGM"). The appeal is against the verdict in its entirety. The case, which is appealed against, is concerned with the following resolutions:

- No. 2 concerning election of the Chairman of the Ordinary General Meeting;
- No. 3 concerning the adoption of the agenda consistent with the announcement of the Ordinary General Meeting;
- No. 5 on the election of the Secretary of the Ordinary General Meeting;
- No. 6 concerning approval of the Company's financial statements for the year 2017;
- No. 7 concerning approval of the report of the Company's Management Board on the Company's activity for the year 2017;
- No. 8 concerning approval of the report of the Supervisory Board on the Company's activities for the year 2017;
- No. 9 concerning the distribution of profit for 2017;
- No. 10 on granting a vote of acceptance to Mr. Stanisław Cieszkowski, Member of the Management Board;
- No. 11 concerning granting a vote of acceptance to Mr. Michał Mędrek, Member of the Management Board;
- No. 12 concerning granting a vote of acceptance to Mr. Leszek Szafran, Member of the Management Board;
- No. 13 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Ireneusz Maksymiuk;
- No. 14 on acknowledging the fulfilment of duties by Member of the Management Board Mr. Paweł Miłoszewski;
- No. 15 on granting a vote of acceptance to Mr. Mirosław Maziarka, Member of the Management Board;
- No. 16 concerning granting a vote of acceptance to Mr. Jacek Pryczek, Member of the Supervisory Board;
- No. 17 concerning granting a vote of acceptance to Mr. Dominik Golsong, Member of the Supervisory Board;
- No. 18 on acknowledging the fulfilment of duties by Member of the Supervisory Board Mr. Karl Brocklehurst;
- No. 19 on acknowledging the fulfilment of duties by a member of the Supervisory Board Mr. Maciej Mataczyński;
- No. 20 on acknowledging the fulfilment of duties by a member of the Supervisory Board Ms. Renata Kowalska - Andres;
- No. 21 concerning granting a vote of acceptance to Mr. Łukasz Rędziniak, Member of the Supervisory Board;
- No. 22 concerning granting a vote of acceptance to Mr. Janusz Ras, Member of the Supervisory Board;
- No. 23 concerning granting a vote of acceptance to Mr. Leszek Cichocki, Member of the Supervisory Board;

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- No. 24 concerning the determination that the Supervisory Board shall be composed of 7 members during the term of office starting on 14 June 2018;
- No. 25 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr Leszek Cichocki
- No. 26 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018
Mr Dominikus Golsong;
- No. 28 concerning appointment to the Supervisory Board for the term commencing on June 14, 2018
Ms Renata Kowalska - Andres;
- No. 29 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr Maciej Mataczyński;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr. Jacek Pryczek;
- No. 30 concerning appointment to the Supervisory Board for the term commencing on 14 June 2018
Mr. Łukasz Rędziniak.

The Management Board informs that the numbering of resolutions and the description of their subject matter are given above in accordance with the petitum of each of the claims

On 15 November 2018 the Company received from the District Court in Rzeszów, the 6th Commercial Division of the Regional Court in Rzeszów (hereinafter: "the Court"):

a) a copy of the claim filed by the following funds managed by Altus TFI S.A:

ALTUS Active Shares closed-end Investment Fund located in Warsaw; ALTUS Closed Investment Fund for Active Allocation of Dividend Companies located in Warsaw; ALTUS Closed Investment Funds of Absolute Return Rate located in Warsaw with separated subfunds; Altus Subfund for Absolute Rate of Return on Foreign Markets and Altus Subfund of Absolute Return Rate of the Polish Market; ALTUS Closed-End Investment Fund of Absolute Return Rate of the Polish Market 2 located in Warsaw; ALTUS Closed-End Investment Fund of Absolute Return Rate of Foreign Markets 2, located in Warsaw; ALTUS Closed-End, Equity+ Investment Fund, located in Warsaw; ALTUS Open-End Umbrella Investment Fund located in Warsaw with separated subfunds: Altus Subfund of Absolute Return Rate of the Polish Market; Altus Subfund of Stable Growth; Altus Subfund of Optimal Growth; Altus Equity Subfund; ALTUS 15 Closed-End Investment Fund located in Warsaw (hereinafter referred to as "funds managed by Altus TFI S.A.")

for declaration invalid, alternatively cancellation of Resolution No. 7 of the Extraordinary General Meeting of Shareholders of Dębica S.A., held on 23 October 2018, on amending the Company's Statute and authorizing the Company's Management Board to increase the Company's shareholder's equity within the authorized capital, together with an option for the Management Board to exclude the preemptive rights of the Company's existing shareholders, in full or in part, with the consent of the Company's Supervisory Board (hereinafter referred to as: "the Resolution").

b) a copy of the Court's decision of 13 November 2018 on granting security to the claim of funds managed by Altus TFI S.A. by means of:

- suspension of execution and effectiveness and suspension of all legal effects of the Resolution.
- prohibiting the Company from taking any actions aimed at registering an amendment to the Statute or the amount of the Company's authorized capital on the basis of a Resolution, until the proceedings for the repeal of the Resolution have been completed with a binding force

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- suspension of the registration proceedings pending before the District Court in Rzeszów, 12th Commercial Division of the National Court Register, with Ref. No. 18418/18 regarding the entry of amendments into the Statute and the Company's authorized capital resulting from the Resolution;
- in the event that the amendment to the Company's Statute or the Company's authorized capital is registered by the Registry Court in accordance with the Resolution, to prohibit the Company's Management Board taking any actions pursuant to Article 6a of the Statute regarding increase of the Company's authorized capital, including in particular, actions connected with the issue price of new shares of the Company, deprivation of shareholders of the pre-emptive rights to new shares of the Company and the offering of new shares of the Company;
- in the event that the amendment to the Company's Statute or the Company's authorized capital is registered by the Registry Court in accordance with the Resolution, to prohibit the Company's Supervisory Board taking any actions pursuant to Article 6a of the Statute regarding increase of the Company's authorized capital, including in particular, actions connected with the issue price of new shares of the Company, deprivation of shareholders of the pre-emptive rights to new shares of the Company;

The remainder of the application was rejected.

The order of the Court is not final and binding.

Signatures of the Management Board of T.C. Dębica S.A.

Leszek Szafran President of the Management Board, Commercial Director

Ireneusz Maksymiuk A Management Board member, Financial Director

Michał Mędrek A Management Board member, Logistics Director

Mirosław Maziarka A Management Board member, Production Director