

MANAGEMENT BOARD'S REPORT ON THE OPERATIONS OF TIRE COMPANY DĘBICA S.A. IN 2019



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.

Table of Contents

A letter of the President of the Management Board [draft]	4
Financial Highlights	4
1. Comments on the financial performance	6
1.1. Net sales income and financial position.....	6
1.2. Sales in value terms broken down by domestic market and exports	8
1.3. Share of product categories in total sales.....	8
1.4. Investments and expected growth.....	9
1.5. Situation in tire business	10
2. Financial risk management	11
2.1. Credit risk.....	11
2.2. Liquidity risk.....	11
2.3. Foreign exchange risk.....	11
2.4. Interest rate risk	11
2.5. Market risk.....	12
2.6 Risk of manufacturing activities disruption.....	12
3. Corporate Governance	13
3.1. A set of corporate governance rules	13
3.2. Rules of corporate governance not applied.....	13
3.3. Shares and shareholding structure	16
3.3.1. Shareholding structure and changes.....	16
3.3.2. Special control rights and restrictions on voting rights and the assignment of rights attached to securities.....	17
3.3.3. Dividend.....	17
3.4 Statutes and statutory authorities	17
3.4.1 Amendments to the Statutes	17
3.4.2. Management Board.....	19
3.4.3. Supervisory Board	20
3.4.4. Operational principles of the General Meeting of Shareholders, its basic powers, shareholders' rights and procedure for exercising their rights.....	4
3.4.5. Appointment of an auditing firm.....	5
3.4.6. Internal control and risk management systems in relation to the processes of financial statement preparation	6
3.4.7. Diversity Policy	6
4. Statement on non-financial information	6
4.1. Concise description of the business model of Tire Company Dębica S.A.	6

4.1.1. Operations and business environment	6
4.1.1.1 Company's core activity	6
4.1.1.2 Corporate organisation and structure.....	6
4.1.1.3 Product description	7
Capital expenditures and new products	8
4.1.1.4. 4.1.1.4. Description of tire business and Company markets.....	8
4.1.1.5 Major trends and drivers of tire business and Company growth	9
4.1.2 Development strategy – major goals, mission statement and values	9
4.1.2.1. Value chain	11
4.1.2.2. Breakdown of Tire Company Dębica S.A. operations.....	12
4.1.2.3. Product manufacturing and sales processes.....	12
4.1.3. Other information.	14
4.2. Management of risk types related to the Company's activity, having impact on non-financial aspects.....	14
4.2.1. Description of management of risk types related to the Company's activity, having impact on non-financial aspects.....	14
4.2.2. Description of the management of relations with individual groups of stakeholders	16
4.3. Non-financial Key Performance Indicators (KPIs) related to the operations of Tire Company S.A.....	19
4.4. Description of individual policies, due diligence procedures and results of their application	19
4.4.1. General assumptions behind the Company's activity in the area of sustainable development	19
4.4.2. Description of the policies and due diligence procedures applied by the Company with regard to:.....	20
4.4.2.1. Social issues	20
4.4.2.2. Employee issues	24
4.4.2.3. Natural environment	31
4.4.2.4. Respect for human rights and diversity management	36
4.4.2.5. Anti-Corruption Activities.....	39
4.5. Rules used to prepare this Statement on non-financial data.....	40
5. Other information	40

A letter of the President of the Management Board [draft]

Dear Sirs, Dear Shareholders,

I am handing over to you with a summary of our financial performance and the 2019 Report on Company Operations. Tire Company Dębica S.A. achieved positive results and maintained its position of a leading tire manufacturer in many European markets. Our sales revenues reached PLN 2,056,055,000, which was up by 6.4% compared to the last year's result. Our bottom line of PLN 112,739 thousand was up by 25.6%. This was the result of continued efforts based on a strategic partnership with Goodyear, our largest customer and customer for years.

The good performance and the maintenance of our market position are pleased twofold as our factory celebrated its 80th anniversary in 2019. Through all these years, the tires made by Dębica have become synonymous with excellent product quality and continue to enjoy the trust of millions of drivers throughout Poland and Europe. For many years now, cars equipped with our tires have been driven by the generations of Poles. In accordance with this idea, we have conducted an advertising campaign under the slogan "Rules on the Polish roads" aimed at a wide audience, with particular emphasis on young customers who are looking for high quality tires that are suitable for all weather conditions.

In 2019 we further developed the production of top-quality passenger car, van and truck tires under well-known and respected brands such as Dębica, Goodyear, Dunlop, Fulda and Sava. Despite the challenges brought by swelling operating costs and external factors such as a warmer winter, our sales to related and unrelated parties was good, and the investment in brands allowed for proper visibility of our products in a dynamic tire market. Thanks to the technological advancement and the ability to produce top-class tires, our factory has once again fulfilled numerous orders for the so-called first equipment of the world's most famous car brands. Since 2019, our factory has also been using SealTech technology, which is used in the growing premium segment and is applied to the tires for top-of-the-line cars.

The year 2019 also saw more distinctions for our business and our products. We have been promoted to the first place in the "Top100 Golden Businesses in the Subcarpathian Region" ranking, at the same time becoming the Deputy Leader of Export Sales. We also took second place in the ranking of Subcarpathian businesses in terms of stock market capitalization and a place in the "ten" companies considered to be "Wizards of Subcarpathian Economy". In turn, the Dębica brand products have once again been awarded the under the Consumer Quality Leader program.

I would therefore like to thank the whole team that enabled us to close the year 2019 in a positive manner. It is thanks to the competence of our employees that we are able to deliver demanding orders and respond flexibly to market challenges.

The situation in the tire business is strongly linked to the global economy trends, so it is impossible not to refer to the unprecedented pandemic that we have experienced since the first months of 2020. The Coronavirus has driven almost all industries, including the automotive industry, into crisis. The expected global economic slowdown caused by this global health crisis may also affect our business due to the falling demand for tires or the temporary suspension of manufacturing activities at our Dębica plant.

However, we believe that our diverse range of tires for different vehicle categories and our continued responsible financial management will enable us to meet any challenges that may occur in automotive business picture.

Yours truly,
Leszek Szafran
Chairman of the Management Board

Financial Highlights

2019 Management Board Report on Company Operations

Financial Highlights	'000 PLN		'000 EUR	
	2019	2018	2019	2018
Net sales of products, merchandise and materials	2 056 055	1 932 268	477 952	452 849
Operating profit /loss	119 747	99 622	27 836	23 347
Gross profit/loss	122 023	102 589	28 365	24,042
Gross profit/loss	112,739	89,752	26,207	21,034
Operational cash flows, net	188,947	184,991	43,923	43,355
Investment activity cash flows, net	-78,022	-70,495	-18,137	-16,521
Financial activity cash flows, net	-71,395	-92,631	-16,597	-21,709
Total cash flows, net	39,530	21,865	9,189	5,124
Total assets	1,751,030	1,691,457	411,185	395,362
Liabilities and provisions for liabilities	593,396	579,205	139,344	134,699
Long-term liabilities	4,387	3,995	1,030	929
Short-term liabilities	508,942	512,700	119,512	119,233
Equity	1,157,634	1,112,252	271,841	258,663
Share capital	110,422	110,422	25,930	25,680
No. of shares (pcs.)	13,802,750	13,802,750	13,802,750	13,802,750
Earnings (loss) per ordinary share (in PLN/EUR)	8.17	6.50	1.90	1.52
Diluted earnings (loss) per ordinary share (in PLN/EUR)	8.17	6.50	1.90	1.52
Book value per share (in PLN/EUR)	83.87	80.58	19.69	18.74
Diluted book value per share (in PLN/EUR)	83.87	80.58	19.69	18.74
Declared or paid dividend per share (in PLN/EUR)	4.88	6.50	1.15	1.49

1. Comments on the financial performance

1.1. Net sales income and financial position

Net sales income:

In 2019 Tire Company Dębica S.A. generated net profit totalling PLN 112.7 million compared to PLN 89.8 million in 2018. The net profit was up by 25.6%.

Sales revenues totalled PLN 2 056.1 million, up by 6.4% compared to those in 2018.

Sales of Tire Company Dębica S.A. to related entities in 2019 generated revenues totalling PLN 1 843.8 million compared to PLN 1 713.8 million in the previous year. The sales revenues were up by PLN 130.0 million and 7.6% year-on-year. In 2019 sales to the Goodyear Group member companies accounted for 89.7% of the total sales, remaining at a similar level. Sales revenues from non-related entities totalled PLN 212.3 million and were down by 2.8% on a year-to-year basis.

The gross profit margin on sales to related entities in relation to 2019 revenues totalled 6.8% compared to 4.7% in 2018. The gross profit margin on sales to non-related entities in relation to revenues fell from 19.7% in 2018 to 12.9% in 2019.

Gross profit from total sales in 2019 amounted to PLN 152.1 million, and was up by 23.0% compared to 2018.

Financial position:

In 2019 the costs of selling, general and administrative (SG&A) totalled PLN 23.2 million compared to PLN 23.5 million in the previous year. The share of SG&A costs in total sales in value terms remained at similar level of 1.1% compared to 1.2% in the previous year.

The other operating income, net in 2019 was negative and totalled PLN (9.0) million and was down by PLN 8.5 million compared to 2018, mainly due to: sales proceeds from disposal of fixed assets were down by PLN 1.2 million, achieving an inferior performance with bad debts by PLN 2.0 million, restructuring costs up by PLN 4.9 million, costs of disposal of fixed assets down by PLN 0.4 million and other operating expenses up by PLN 0.1 million.

In 2019 operating profit totalled PLN 119.7 million compared to PLN 99.6 million in the previous year. It is PLN 20.1 million and up by 20.2% on a year-to-year basis. The margin at this level in relation to revenues was up by 5.8% compared to 5.2% in the previous year.

In 2019 financial activities generated a profit of PLN 2.3 million compared to a profit of PLN 3.0 million in the previous year.

Foreign exchange losses totalled PLN 2.0 million, compared to FX losses equal PLN 0.4 million in 2018.

Financial gains from idle cash and cash equivalents totalled PLN 2.1 million, up by PLN 0.8 million compared to the previous year.

In 2019, dividend income totalling PLN 0.1 million was also generated.

The costs of discounting bills of exchange and other interest expense totalled PLN 2.1 million compared to PLN 2.9 million in the previous year.

Interest on loans granted to related entities generated income totalling PLN 4.2 million, down by PLN 0.3 million compared to 2018.

Pre-tax profit in 2019 totalled PLN 122.0 million, up by PLN 19.4 million compared to the previous year.

2019 Management Board Report on Company Operations

The current portion of income tax totalled PLN 5.5 million and relates to taxed activities. The deferred part of income tax amounted to PLN 3.8 million. Thus, the total income tax amounted to PLN 9.3 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 2019 totalled to PLN 1.4 million in nominal terms and PLN 0.8 million in the discounted terms. Until the balance sheet date, the Company utilized the due tax allowance in the amount of PLN 136.8 million in nominal terms and PLN 90.1 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 2020. 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 7.6%, 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 2019, fixed assets totalled PLN 800 million and were up by PLN 0.9 million during the year. Tangible fixed assets were down by PLN 7 million compared to 31 December 2018 and totalled PLN 782.7 million. Capital expenditures in 2018 totalled PLN 85.3 million, and depreciation of existing fixed assets totalled PLN 92.8 million. Deferred income tax assets totalled PLN 17.3 million compared to PLN 9.3 million as of 31 December 2018.

Current assets amounted to PLN 951.0 million and were up during four quarters of 2019 by PLN 58.7 million. Short-term receivables totalled PLN 359.2 million and were up by PLN 4.8 million (including: receivables from related entities by PLN 13.7 million, and from other entities PLN 9.0 million). As of the balance sheet date, 31 December 2019, inventories were down by PLN 14.2 million, down to the level of PLN 108 million.

In 2019 short-term financial assets went up by PLN 39.5 million and totalled PLN 481.9 million. The value of loans extended to related entities remained unchanged compared to the balance as of 31 December 2018 and totalled PLN 350 million, cash at bank was up by PLN 39.5 million.

Short-term prepayments were up slightly and as of the balance sheet date on 31 December 2019 they totalled PLN 1.9 million compared to PLN 1.5 million in the previous year.

As of 31 December 2019 the Company's assets amounted to PLN 1 751.0 million and were up in the four quarters of the year by PLN 59.6 million.

As of 31 December 2019, liabilities and provisions for liabilities totalled PLN 593.4 million and in the course of 2019 they were up by PLN 14.2 million. Provisions for liabilities were up by PLN 17.6 million, mainly in the line “Provision for deferred tax”, which was up by PLN 11.8 million.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Short-term liabilities were down by PLN 3.8 million, of which liabilities to related entities were down by PLN 15.3 million, and vis-à-vis other entities were down by PLN 18.4 million

At the end of December 2019, the Company's equity totalled PLN 1 157.6 million and was up by 45.4 compared to the same period of the previous year. The reserve capital was up by PLN 22.4 million, i.e. by the value of the 2018 distributed profit. The net profit of the current year is up by PLN 23.0 million compared to that in 2018.

In 2019, 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 2019, the Company had financial assets available for sale, i.e. shares in third party entities worth PLN 74 thousand.

In 2019, 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 2019.

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

In 2019, the Company's sales totalled to PLN 2 056.1 million in value terms and it was up by PLN 123.9 million (6.4%) compared to the previous year 2018. Sales to export markets amounted to PLN 1 842.4 million and accounted for 89.6% 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 sales on the domestic market in value terms accounted for 10.4% of total sales revenues.

In 2018, sales to foreign markets accounted for 88.6%, and for the domestic market 11.4% 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 2019, 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 9.6% of the Company's net sales; in 2018 - 10%.

On the other hand, the annual value of synthetic rubber purchased from a related company Goodyear Akron in the USA accounted for 3.0% of net sales; in 2018 - 1.8%

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 .

2019 Management Board Report on Company Operations

	Sales volume in '000 units	Sales in value terms in '000 PLN	Share in sales in value terms	Change in sales volume 2019 vs. 2018	Change in sales value 2018 vs. 2017
Passenger, commercial, truck and industrial tires	15 897	1 927 104	93.7%	-2.9%	6.6%
Other sales		128 950	6.3%		3.4%
Total	15 897	2 056 055	100.0%	-2.9%	6.4%

1.4. Investments and expected growth

In 2019 capital expenditures totalled PLN 85,281 million and focused mainly on the following areas:

- a) purchase of equipment and machinery that enable the Dębica 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 2019 allowed to continue the strategy of sustainable business growth paralleled by brand development. In 2019 the Company does 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 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 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;

2019 Management Board Report on Company Operations

- 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 (including the impact of the COVID-19 coronavirus spread on the global economy);
- b) development of the automotive industry - growth rate 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.

1.5. Situation in tire business

According to the data of the Polish Tire Industry Association (PZPO), based on data of the European Tire & Rubber Manufacturers' Association (ETRMA), in 2019 the sales of passenger tires in the overall Europe recorded a 3% decline, whereas in Poland the decline was as much as 8%. In addition, Poland recorded a 10% decline in the sales of commercial tires, and a 5% decline in the sales of truck tires.

In 2019, tire manufacturers and importers in Poland recorded an 11% rise in sales of SUV tires. The volume of motorcycle tires sold was also up (+10%). In other tire segments, sales declined. The upward trend was recorded in all-season tire segment, with the sales dynamics reaching as much as 22% in 2019.

The highlight of the year 2019, similarly to 2018, were SUV tires that are still gaining popularity among drivers, with sales growth in this segment of 11% last year. The passenger and truck tires sales volumes declined - in the case of truck tires, this is mainly due to the decline in construction production last year and the quantity of delays in infrastructure investment projects.

Based on ETRMA information, the sales of truck tires remained at the same level as in the previous year. This implies that, in connection with the anti-dumping duties imposed on Chinese exporters of truck tires, the Chinese products were at least partially replaced by tires from other countries, in particular South East Asia and Korea¹.

In 2020 due to the COVID-19 virus pandemic, in the first quarter of 2020 a significant decline in demand for tires has been observed. Combined with the influence of the pandemic on the global

¹ <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-2019-roku.html>, access exercised 11 March 2020.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

economy and a slowdown in the automotive industry it may altogether affect the overall long-term perspective of the tire industry both in Poland and in other regions of the world.

2. Financial risk management

Under financial risk management policy, Tire Company "Dębica" S.A. identifies 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 "2019 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.

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 2019, 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 facility was recorded on the account as of 31 December 2019. The Company maintained liquidity and financing stability. The Company did

2019 Management Board Report on Company Operations

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 on-going monitoring of the market and macroeconomic situation. The Management Board makes strategic business decisions concerning the maintenance of market position by the Company and the appropriate response to the dynamically evolving market situation.

In 2019, the Company continued its business activities, enabling it to maintain its competitive market position. Moreover the Company maintained high financial liquidity and low indebtedness level. During the accounting year the Company maintained its indebtedness at a safe level and diversified the risk related to its debt and operational activities through cooperation with four banks.

In 2020, in connection with the COVID-19 coronavirus pandemic and an epidemic state announced officially in Poland, the Company has been watching a significant decline in demand for tires in Poland and in the markets where Goodyear, its strategic customer, is active. This is due to the introduction of restrictions on social distancing in individual European countries, the restriction of consumer mobility, and the stoppages of manufacturing activities by leading car manufacturers. At the same time, the movement of goods remains one of the key areas of the economy. These factors may have impact on the long-term situation in the global tire market.

The above situation may result in a significant decline of tire orders in the first two quarters of 2020, which in turn may translate into the risk of maintaining the market position and the financial position of the Company and its business partners.

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.

As of the date of drawing up this report, the Company's Management Board does not expect any significant cash flow disruptions or loss of financial liquidity, however, due to the dynamic and unpredictable situation driven by the coronavirus pandemic, actions are taken in order to minimize such risk, including but not limited to close cooperation with trade partners, optimization of the Company's costs and preparation of revised business plans to be implemented when demand is back in place.

More information on the Company's activities in connection with the COVID-19 pandemic is provided in the Financial Statements in additional explanatory notes in point 21. - Information on significant events that took place after the balance sheet date and were not included in the financial statements.

2.6 Risk of manufacturing activities disruption

In connection with the spread of the COVID-19 pandemic and its impact on the safety of personnel and declining market demand, the Company identifies the risk of this situation affecting the manufacturing activities of the Dębica tire factory. The Company's Management Board monitors and analyses the epidemiological situation in the country and in the Subcarpathian region on an on-going basis, as well as monitors the level of orders from Goodyear, its strategic customer. On the basis of these factors, the Company makes decisions about putting the production on halt temporarily, and informs about it in relevant current reports. At the same time, the Company has established a Business Continuity Team, which monitors the external environment and the impact of the COVID-19 pandemic on the Company's operations on an on-going basis.

3. Corporate Governance

3.1. A set of corporate governance rules

The Company's Management Board declares that Tire Company Dębica S.A., that has been listed on the Warsaw Stock Exchange since 1994, complies 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 2019 the Management Board of Tire Company Dębica S.A. decided to update the information on the status of application of the "Best Practice of Companies Listed on the Warsaw Stock Exchange 2016", about which the Company informed in the EBI Current Report No. 1/2019 on 19 December 2019. The Company started to apply the following detailed rules:

- rule I.Z.1.8. (The Company operates a corporate website and publishes on such website, in a legible form and in a separate place, in addition to the information required by law: lists of selected financial data of the Company for the last 5 years of its operations, in a format allowing for the processing of such data by their recipients);
- rule II.Z.8. (The chair of the audit committee should meet the independence criteria referred to in rule II.Z.4). Also selected comments relating to the application / non-application of individual principles have been changed.

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 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 2019, together with the rationale for such abandonment.

- **I.Z.1.3.** division of tasks and responsibilities between the board members drawn up in accordance with the II.Z.1 rule,

The Company does not apply this rule in connection with the non-application of rule II.Z.1.

- **I.Z.1.7.** information materials published by the company concerning the company's strategy and its financial performance;

The Company does not publish information materials on the strategy or additional information (e.g. comments) concerning its financial performance. Selected components of the Company's strategy and its financial performance are available in the annual report, including the statement on non-financial information, which is a separate part of the annual report of the Management Board on the Company's operations. On the Company's website, in the Investor Relations tab, financial data for download (Excel file) and annual reports are published.

- **I.Z.1.10.** I.Z.1.10. financial projections - if the company decided to publish them - published during at least the last 5 years, along with information about the extent of their implementation,

2019 Management Board Report on Company Operations

Not applicable. The Company does not publish financial forecasts.

- **I.Z.1.15.** information containing the description of the company's diversity policy in relation to the company's governing bodies and its key managers; the description should take into account such elements of the diversity policy, gender, course of education, age, work experience, and indicate the objectives of the diversity policies used and the manner of its implementation during a reporting period; if the company has not developed and implemented the diversity policy, it publishes on its website an explanation for the decision. The Company does not apply the above rule.

The Company has not developed or implemented a diversity policy.

- **I.Z.1.16.** information on the planned broadcast of the general meeting of shareholders - not later than 7 days before the date of the general meeting of shareholders.

The Company does not broadcast General Meetings (cf. explanation to the rule IV.Z.2), therefore it will not publish this information on its website.

- **I.Z.1.19.** shareholders' questions addressed to the Management Board pursuant to Art. 428 § 1 or § 6 of the Commercial Companies Code, together with the Management Board's answers to the questions asked, or a detailed indication of reasons for not answering them, pursuant to rule IV.Z.13,

The Company does not publish on its website the shareholders' questions addressed to the Management Board pursuant to Article 428 § 1 of the Commercial Companies' Code (during a General Meeting), answers or rationale for not answering such questions. At the same time, the Company publishes on its website the answers to the questions asked by the shareholders pursuant to Article 428 § 6 of the Commercial Companies' Code, i.e. outside the General Meetings. Under separate regulations they are published on the website in the tab Investor Relations / Reports / Current Reports.

- **I.Z.1.20.** audio or video recordings of the proceedings of the General Meeting of Shareholders,

Due to the costs of recording and publishing on the website of the general meetings' recordings, the Company decided to restrict itself to the previously applied transparent and effective information policy concerning the proceedings.

- **II.Z.1.** The internal breakdown of responsibilities into particular areas of the Company's activity among Management Board members should be formulated unambiguously and transparently and the division scheme should be published on the corporate website.

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 Company does not publish such information on its website.

- **II.Z.2.** Sitting of the company's management board members on management or supervisory boards of non-member companies of the Capital Group require the consent of the Supervisory Board.

The Supervisory Board will assess each time whether sitting on the management or supervisory boards of the non-member company of the Capital Group causes a conflict of interest.

- **II.Z.7.** The provisions of Appendix I to the Recommendation of the European Commission, referred to in the Rule II.Z.4. apply to the tasks and functioning of committees reporting to the Supervisory Board. Where the function of the audit committee is performed by the supervisory board, the above rules shall apply on mutatis mutandis basis.

2019 Management Board Report on Company Operations

The Company has only an audit committee. The Audit Committee consists of at least three members, and most of them fulfil the criteria of independence.

- **III.Z.2.** Save for the Rule III.Z.3, persons responsible for risk management, internal audit and compliance report directly to the president or another management board member and have an option to report directly to the supervisory board or audit committee.

Because there was no organizational separation of internal audit the Company could not apply the rule in question.

- **III.Z.3.** The principles of independence set forth in the generally accepted international standards for the professional practice of internal audit shall apply to the head of the internal audit function and other persons responsible for carrying out its tasks.

Because there was no organizational separation of internal audit the Company could not apply the rule in question.

- **III.Z.4.** A person responsible for internal audit (if such function has been separated in the company) and the Management Board, at least once a year, submit to the Supervisory board 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 the Company could not apply the rule in question.

- **IV.Z.2.** If substantiated by the company's shareholding structure, the Company shall ensure that the general meeting is broadcast in real time to the general public.

In the Company's opinion the commonly available broadcasting of the General Meeting in real time is not expected by the shareholders.

- **IV.Z.12.** The Management Board should present the company's financial performance and other relevant information provided in the financial statements subject to the approval by the general meeting.

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 position, including its financial standing.

- **V.Z.6.** In its in-house regulations the Company defines criteria and circumstances under which a conflict of interests may arise in the company, as well as sets forth the rules of conduct in the event of a conflict of interest or the a risk of its occurrence. The Company's internal regulations include, *inter alia*, methods of preventing, identifying and resolving conflicts of interest, as well as the rule of excluding a member of the management or supervisory board from participation in the consideration of a matter covered or threatened by a conflict of interest.

The Company does not have formalized, internal regulations defining criteria and circumstances under which a conflict of interests may arise in the company, as well as setting forth the rules of conduct in the event of a conflict of interest or a risk of its occurrence.

- **VI.Z.1.** The incentive schemes should be designed in such manner that, *inter alia*, the level of remuneration of Management Board members and its key managers depended on the actual, long-term financial standing of the Company and the long-term growth of shareholders' value and stability of the Company's operations.

2019 Management Board Report on Company Operations

This rule is not applicable. There are no incentive schemes in the Company.

- **VI.Z.2.** To link the remuneration of board members and key managers with long-term business and financial objectives of the company, the period between the allocation of options or other instruments linked to shares of the company under the incentive program and the possibility of their implementation should be a minimum of 2 years.

This rule does not apply to the Company. Currently the Company does not have share-based incentive schemes.

- **VI.Z.4.** The Company in its activity report presents an account of the remuneration policy, containing at least:
 - 1) general information on the remuneration system adopted in the company,
 - 2) information about terms and amount of remuneration of each management board, member, broken down into fixed and variable components of remuneration, indicating the key parameters for determining variables, remuneration components and payment rules for severance pay and other payments for terminating a relationship, work, mandate or other legal relationship with similar nature - separately for the company and each entity that is a member of the Capital Group,
 - 3) information about non-financial components of remuneration due to individual members of the management board and key managers,
 - 4) indication of material changes that have occurred in the remuneration policy during the last accounting year, or information about their absence,
 - 5) operational assessment of the remuneration policy from the perspective of achieving its objectives, in particular long-term growth of shareholders' value and stability of the company's operation.

The report states the remuneration of each member of the management board, but does not describe the remuneration policy.

3.3. Shares and shareholding structure

3.3.1. Shareholding structure and changes

According to the information in the Company possession as of 31 December 2019 and as at the date of drawing up 2019 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 12 042 976 shares accounting for 87.251% of the Company's shareholders' equity, with the right to 12 042 976 votes at the Company's General Meeting of Shareholders, accounting approximately for 87.251% of the total number of votes at the Company's General Meeting of Shareholders.²

Changes in the shareholding structure in 2019:

² Source: Current Report No. 17/2019: Receipt of notification from Goodyear Group member companies about the change of holding status referring to Company shares in relation to the intragroup transaction, Publication date: 19 June 2019

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

18 June 2019: The Company received a notification from Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. (*Rockbridge Investment Fund Company S.A.*) (hereinafter referred to as: "Rockbridge TFI SA"), acting in the name and on behalf of the investment funds under its management, by reducing its share below the 5% threshold of the total number of votes in the Company by investment funds managed by Rockbridge TFI SA. The company informed about the details of notification in the Current Report No. RB 16/2019.

19 June 2019: The Company received notification from Goodyear Group member companies about the change of status of holding Company shares in connection with the intragroup transaction. The company informed about the details of notification in the Current Report No. RB 17/2019.

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 does not provide for any special principles for amending the Statutes that can be made pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code.

3.3.3. Dividend

On 25 June 2019, the General Meeting adopted - according to the proposal of the Company's Management Board - a resolution on the distribution of the profit generated by the Company in 2018 in the amount of PLN 89,752,356.00 with (in words: eighty nine million seven hundred fifty two thousand three hundred fifty six zlotys 00/100) as follows:

1. the amount of PLN 67,357,420.00 (in words: sixty-seven million three hundred and fifty-seven thousand four hundred and twenty zlotys 00/100) shall be allocated to the shareholders for the payment of PLN 4.88 per share, setting 23 September 2019 as the date of acquisition of dividend rights (dividend day) and 18 December 2019 as the dividend payment date - due to the seasonal nature of the Company's business;
2. the amount of PLN 22,394,936.00 (say: twenty-two million three hundred and ninety-four thousand nine hundred and thirty-six zlotys 00/100) to be allocated to the reserve capital with an option of paying it out in the years to come.

The dividend was paid on time.

3.4 Statutes and statutory authorities

3.4.1 Amendments to the Statutes

The Company Statutes does not provide for any special principles for amending the Statutes that can be made pursuant to effective law, including, in particular, the provisions of the Commercial Companies' Code.

2019 Management Board Report on Company Operations

The Company's Extraordinary General Meeting of Shareholders convened for 25 September 2018 and continued on 12 October and then on 23 October 2018, adopted a resolution to amend the Statutes 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.

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.

In March 2020, with reference to Current Reports No. 31/2018 of 15 November 2018, 15/2019 of 17 June 2019 and 2/2020 of 14 February 2020. The Management Board informed that the decision issued by the District Court in Rzeszów, 6th Commercial Division, on discontinuance of the proceedings for declaration of invalidity or revocation of Resolution No. 7 of the Extraordinary General Meeting of Shareholders of Tire Company Dębica S.A. of 23 October 2018 on amendment of the Company's Articles of Association and authorisation of the Company's Management Board to increase the Company's share capital within the limits of the authorised and unissued equity along

with an option for the Management Board to exclude, in whole or in part, the pre-emptive rights held by the Company's existing shareholders, with the consent of the Company's Supervisory Board, conducted on the basis of a legal action brought by:

- ALTUS Closed-End Active Management Fund (former: Altus Closed-End Equity Active Fund) with its registered office in Warsaw, Alter Closed-End Investment Fund of Active Allocation of Dividend Companies (formerly:
- Altus Closed-End Investment Fund of Active Allocation of Dividend Companies with its registered office in Warsaw,
- Alter Closed-End, Absolute Rate of Return Investment Fund (former: Altus Closed-End Absolute Rate of Return Investment Fund with its registered office in Warsaw,
- Alter Absolute Rate of Return, Closed-End Investment Fund of the Polish Market 2 (former:
- Altus Absolute Rate of Return, Closed-End Investment Fund of the Polish Market 2) with
- its registered office in the City of Warsaw,
- Alter Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2 (former: Altus Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2) with its registered office in Warsaw,
- Alter Closed-End Equity+ Management Fund (former: Altus Closed-End Equity + Investment Fund) with its registered office in Warsaw,
- SS1 Closed-End Investment Fund with its registered office in Warsaw - all represented by Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw and Altus Umbrella Open Investment Fund with registered office in Warsaw - represented by Altus Towarzystwo Funduszy Inwestycyjnych S.A.

The decision on the discontinuance of the proceedings becomes legally binding and results in the cancellation of the security referred to in letter b) of the Current Report No. 31/2018 of 15 November 2018.

Description of rules concerning appointment and dismissal of managing persons and their rights, in particular the right to make decisions about the issue or redemption of shares, and description of the activity of the issuer's management, supervisory or administrative bodies 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). The members of the Management Board are appointed for a joint term of office, which begins on the date of appointment and ends at the latest on the date of the General Meeting approving the financial statements for the year in which the term of office began. 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 not 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 runs 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.

Management Board composition during its 20th term of office (as of 31 December 2019)

Management Board:

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	a Member of the Management Board
Michał Mędrak	a Member of the Management Board
Mirosław Maziarka	a Member of the Management Board

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. The 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 on Operations, 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,
- 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, due to substantial and compelling reasons;
- 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

2019 Management Board Report on Company Operations

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. 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 25 June 2019 the General Meeting of Shareholders adopted a resolution on the appointment of the following persons to the Supervisory Board::

Supervisory Board

Jacek Pryczek

Lourens Roets

Dominikus Golsong

Michaël De Schrijver

Maciej Mataczyński

Andrzej Kowal

Łukasz Rędziniak

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Pursuant to §14 of the Company Statutes the Company personnel, elected Mr Krzysztof Mika during the elections of the Supervisory Board member of the Company for the term of office starting from 25 June 2019. Pursuant to §14, par. 1 of the Company Statutes the Supervisory Board members are appointed for a joint term of office.

On 5 July 2019, at its first meeting, the Company's Supervisory Board was established. The Supervisory Board, acting pursuant to § 15 section 1 of the Company's Articles of Association, elected from among its members:

Jacek Pryczek – to the position of the Chairman of Supervisory Board,

Dominikus Golsong – to the position of the Deputy Chairman of Supervisory Board,

Maciej Mataczyński – to the position of the Secretary of Supervisory Board.

Each member of the Company's Supervisory Board submitted a statement to the extent that:

- does not run any activity competitive to the Company's activity, does not participate in a competitive company as a partner in a civil law partnership, partnership or as a member of a body of a limited and/or joint stock company, and
- does not participate in another competitive legal person as a member of its body;
- is not listed in the Register of Insolvent Debtors, kept pursuant to the Act on the National Court Register.

• **Supervisory Board composition as of 31 December 2019**

Jacek Pryczek	Chairman of the Supervisory Board
Dominikus Golsong	A member of the Supervisory Board, a Deputy Chairman of the Supervisory Board
Maciej Mataczyński	An independent member of the Supervisory Board, the Secretary of the Supervisory Board
Lourens Roets	A member of the Supervisory Board
Andrzej Kowal	An independent member of the Supervisory Board
Michaël De Schrijver	A member of the Supervisory Board
Łukasz Rędziniak	An independent member of the Supervisory Board
Krzysztof Mika	A member of the Supervisory Board

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 by the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision, dated 7 May 2009.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 set forth in Art. 86 of the Act on Chartered Accountants and their Self-Government, Entities Certified to Audit Financial Statements and Public Supervision.

The Audit Committee responsibilities include:

- to monitor the financial reporting process of the Company;
- 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 the 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.

Audit Committee composition as of 31 December 2019

Łukasz Rędziniak – Chairman of the Audit Committee

An attorney-at-law, a graduate of the Law and Administration Faculty at the Jagiellonian University, Kraków. 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 Kraków, 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, Cwiąkański, Górski Sp. K. at the Warsaw Office. From 2013 a Management Board member at Kulczyk Investments S.A. Between 2004-2007 and 2013-2015 he performed functions of a Member and the Secretary of the Supervisory Board. He is the Chairman of the Board of Directors of Serinus Energy plc, a member of the Supervisory Boards of Autostrada Wielkopolska S.A. and SCT Broker Sp. z o.o. Mr Łukasz Rędziniak complies with the independence criteria in the understanding of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Oversight, as well as in the understanding of Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, and the criteria described in the Best Practices of WSE Listed Companies 2016.

Maciej Mataczyński – a Member of the Audit Committee

Holds a Ph.D. degree in law, a professor at the Adam Mickiewicz University in the City Poznan, Poland, an attorney-at-law, managing partners at SMM Legal office in Warsaw. An author of several dozen legal publications, published in Poland and abroad. Mr Maciej Mataczyński complies with the independence criteria in the understanding of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Oversight, as well as in the understanding of Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, and the criteria described in the Best Practices of WSE Listed Companies 2016.

Andrzej Kowal – a Member of the Audit Committee

A graduate of the Poznań University of Economics, Faculty of Economics and Industrial Organization. Mr Kowal's professional career is related to EY (formerly: Ernst & Young), that he started in 1991. In June 2001 he became the managing partner of the audit department of the Poznan EY office, and from June 2005 he became the managing partner of the entire Poznan office, also being a member of the Management Board of the member companies of the EY (until 2015). In 1998, after the completion of a series of ACCA training courses, he was certified by the Association of Chartered Certified Accountants (ACCA) in the UK, and in 2000 - he was qualified as an auditor at the National Chamber of Statutory Auditors (currently it is called Polish Chamber of Statutory Auditors). Mr. Kowal has over 25 years of experience in the verification of financial reporting, advisory services concerning transactions, IPO, business, cooperating both with individual businessmen, with national and international capital groups (including but not limited to the groups from Germany, USA, Netherlands, France, Scandinavia), including companies listed on stock exchanges. Mr Kowal has been the Chairman of the Supervisory Board of Recykl S.A. Group since 2016. Since 2018, he has been the Deputy Chairman of the Supervisory Board in Reino Capital S.A., and earlier, within the capital group, Reino had been the Chairman of the Audit Committee in Reino Dywidenda Plus S.A. Mr Andrzej Kowal complies with the independence criteria in the understanding of the Act of 11 May 2017 on Statutory Auditors, Auditing Firms and Public Oversight, as well as in the understanding of Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, and the criteria described in the Best Practices of WSE Listed Companies 2016.

Lourens Roets – a Member of the Audit Committee

He holds a Master's degree in taxation from the University of North West in the Republic of South Africa. He is also a graduate of accounting studies at the University of Port Elizabeth and the University of KwaZulu-Natal / University of Natal. He started his professional career in the audit department of PwC's South African branch in 1999-2002. From 2003 to 2007, he worked as Corporate Financial Manager at Klein Karoo International. From 2007 to 2008 he held the position of Senior Audit Manager at BDO Spencer Steward, Port Elizabeth. He has worked for Goodyear since 2008. Initially as the Controller (2008-2009) and the Financial Planner (2009-2011) in the Republic of South Africa. He was subsequently the Controller of the Goodyear Dunlop Tires Operation in Luxembourg (2012-2013). Between 2013 and 2015, he served as Retail Finance Director - TrenTyre & Magistrer. From 2015 to 2017, he was Director of Internal Audit for the Europe, Middle East and Africa (EMEA) region, and since 2017 he has been the Controller for this region.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

In 2019, the Audit Committee held 7 meetings.

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.

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. Then, from among the persons entitled to participate in the General Meeting, the shareholders elect the Chairman of the General Meeting.

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 the General Meeting of Shareholders comprise:

- 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;
- amendment to the Company's Statutes,
- an increase or decrease of the shareholders' equity;
- the merger, transformation, dissolution and liquidation of the Company;
- the issuance of convertible bonds, or those vested with pre-emptive rights;
- 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 management 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 2019:

- The Ordinary General Meeting of Shareholders was held on 25 June 2019.

On 3 April 2019 the Company's Management Board in connection with the request to convene an Extraordinary General Meeting and to put certain matters on the agenda of this meeting in order to adopt a resolution on the appointment of an auditor dealing with special matters, submitted by the funds managed by Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A., convened an Extraordinary General Meeting for 25 June 2019, however, in connection with the receipt by the Company on 17 June 2019 of a statement on the withdrawal in its entirety and irrevocably of the request to convene the aforementioned Company's Extraordinary General Meeting, acting pursuant to Article 399 § 1 in conjunction with Article 400 § 1 of the Commercial Companies' Code, it cancelled the Extraordinary General Meeting, pursuant to the receipt of the aforementioned statement on the request withdrawal, its holding became pointless.

3.4.5. Appointment of an auditing firm

On 22 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 7 August 2019 a contract was signed with PricewaterhouseCoopers Sp. z o.o. Audyt sp.k. (formerly 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 2019.

The fee owed for the audit and review of 2019 financial statement totalled PLN 283 681 (in 2018: 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 2019 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 but are not limited to 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.

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 and implementation 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 87,251% 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 hold indirectly 87,251% 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 business is managed by the Management Board, which oversees individual Company departments.

As of 31 December 2019 the Company's headcount was 3 109 workers. In 2018 it was 2 872 workers, and in 2017 – 2 772 associates.

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

- quality management: IATF 16949 regarding the design and manufacture of tires,
- environmental management: ISO 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 50001 regarding the manufacturing of tires.

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:

- 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 Dębica brand tires are also manufactured by other Goodyear manufacturing plants.

Tire Company Dębica S.A. is also a manufacturer of curing membranes designed for tire making. In 2019, the Company manufactured over 224 thousand membranes in 151 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 2019, the Company's sales totalled to PLN 2 056.1 million in value terms and it was up by PLN 123.9 million (6.4%) compared to the previous year 2018. Sales to export markets amounted to PLN 1 842.4 million and accounted for 89.6% 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 sales on the domestic market in value terms accounted for 10.4% of total sales revenues.

In 2018, sales to foreign markets accounted for 88.6%, and for the domestic market 11.4% 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.

Innovative solutions in tire making

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Tire Company Dębica S.A. takes care 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 conditions;
- 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.
- Sealtech technology, which allows drivers to continue driving after a puncture with a tire fitted with this technology without having to stop immediately and change the tire at the roadside.

Capital expenditures and new products

In 2019 capital expenditures totalled PLN 85,281 million and focused mainly on the following areas:

- a) purchase of equipment and machinery that enable the Dębica 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. 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.³

According to the data of the Polish Tire Industry Association (PZPO), based on data of the European Tire & Rubber Manufacturers' Association (ETRMA), in 2019 the sales of passenger tires in the overall Europe recorded a 3% decline, whereas in Poland the decline was as much as 8%. In addition, Poland recorded a 10% decline in the sales of commercial tires, and a 5% decline in the sales of truck tires.

In 2019, tire manufacturers and importers in Poland recorded an 11% rise in sales of SUV tires. The volume of motorcycle tires sold was also up (+10%). In other tire segments, sales declined. The

³ Source: <https://pzpo.org.pl/aktualnosci/moto-data-a%C5%BC-16-kierowc%C3%B3w-kupuje-opony-na-gie%C5%82dzie-lub-szrocie.html>, access realized on 22 March 2019.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

upward trend was recorded in all-season tire segment, with the sales dynamics reaching as much as 22% in 2019.

The highlight of the year 2019, similarly to 2018, were SUV tires that are still gaining popularity among drivers, with sales growth in this segment of 11% last year. The passenger and truck tires sales volumes declined - in the case of truck tires, this is mainly due to the decline in construction production last year and the quantity of delays in infrastructure investment projects.

Based on ETRMA information, the sales of truck tires remained at the same level as in the previous year. This implies that, in connection with the anti-dumping duties imposed on Chinese exporters of truck tires, the Chinese products were at least partially replaced by tires from other countries, in particular South East Asia and Korea.

According to ETRMA, in connection with COVID-19, the European tire industry expects long-term effects, influencing the overall economy⁴. Furthermore, in the opinion of European Automobile Manufacturers Association (ACEA), due to stoppages caused by the COVID-19 pandemic ca. 1,5 mln card are not going to be produced⁵. Social distancing rules, resulting in the people mobility in Europe are also going to significantly reduce the demand for passenger car tires.

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

The tire business growth prospects will depend, *inter alia*, on:

- macroeconomic situation, including impact of COVID-19 pandemic on global economy;
- development of the automotive industry;
- availability and prices of raw materials;
- changes in legal regulations;
- 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 Dębica 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 2019 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;

⁴ <https://pzpo.org.pl/en/news/covid-19-the-european-tyre-industry-braces-for-long-lasting-impact-and-calls-for-recovery-support.html> accessed on April 10, 2020

⁵ <https://www.acea.be/news/article/coronavirus-covid-19> accessed on April 10, 2020.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- 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;
- be agile - 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 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 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 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:

- high quality standards - developing Company capabilities to make the highest quality passenger, commercial and truck tires;
- extended product portfolio - development of the product offer with new sizes and tire models;
- technologies used - application of technological solutions that meet the growing demands of the customers and market expectations;
- 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;
- securing of qualified personnel - taking care for an appropriate headcount level and development of employee qualifications.

External drivers:

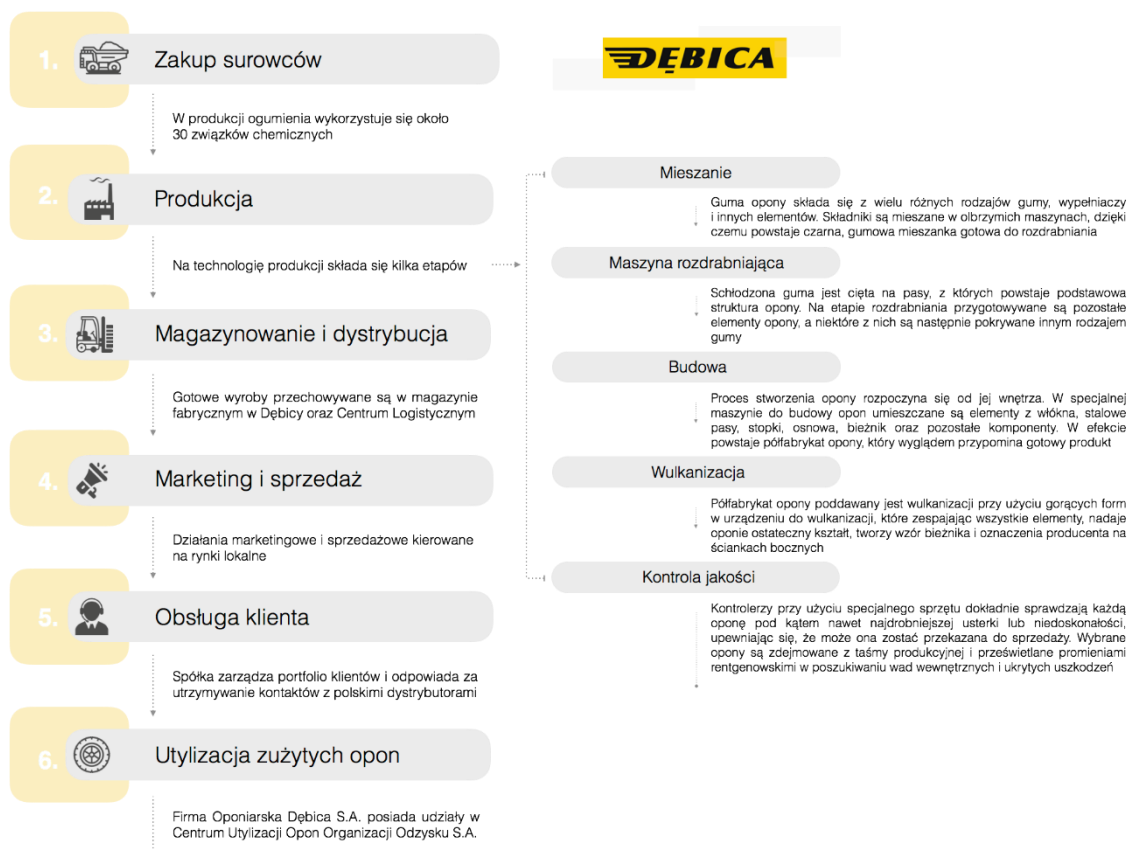
- macroeconomic situation - the condition of the economy and its impact on the financial standing of customers and consumers (including the impact of the COVID-19 coronavirus spread on the global economy);
- development of the automotive industry - growth rate of car production and sales;

2019 Management Board Report on Company Operations

- business competitiveness - responding to challenges related to the growing competitiveness of the tire business;
- operating costs - the impact of costs related to the operations of the manufacturing plant;
- costs of raw materials - 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

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

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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

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 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. controls the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it holds indirectly 87.251% shares in the Company.
- The parent company of Goodyear S.A. is Goodyear Tire and Rubber Company based in Akron, Ohio, USA. ("Goodyear T&R", and including the subsidiaries (excluding the Company) it is referred to as "the Goodyear Group").

4.1.2.3. Product manufacturing and sales processes

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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Procurement, purchases of raw materials and services

Tire production involves about 30 chemical compounds. Between 2018-2019, the structure of the raw materials used to manufacture a standard tire was as follows:

- petrochemical materials (synthetic rubber, rubber materials, fabric, soot) – approximately 69%,
- organic materials (natural rubber) – approximately 18%,
- metals (wire rod, bead wire, wire, zinc) - approximately 13%.

Tire Company Dębica S.A. purchases raw materials mainly from the global purchasing centres of the Goodyear Group. Decisions regarding the purchase of raw materials, delivery schedules and the exact quantities are determined by Tire Company Dębica S.A.

In 2019, 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 9.6% of the Company's net sales; in 2018 - 10%.

On the other hand, the annual value of synthetic rubber purchased from a related company Goodyear Akron in the USA accounted for 3.0% of net sales; in 2018 - 1.8%

Production

With regard to the manufacturing process of consumer tires, the Company continued its production optimization programme. The programme allows for the best possible utilization of the installed production capacity while maintaining the highest standards of employee safety and product quality. It also ensures the highest compliance of production plans with the customers' needs.

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.

Warehousing and distribution

Finished goods are stored on two sites:

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

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

- national and regional tire distributors,
- the Premio-Autoserwis franchising sales and service network,
- 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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.

The description of the business model of Dębica S.A. Tire Company was developed on the basis of internal documents.

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. 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 training courses and sessions to this end. 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 policies' thematic areas

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 members, especially in the immediate

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

vicinity of their factory. 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.
- **Relations with trade unions** Tire Company Dębica S.A. manages appropriately 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 occupational health and safety issues, and educates its employees and suppliers providing services on site.
- **Major industrial 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 leakage of the chemical substances used in the process of tire manufacturing or related to on-site fire outbreak. Tire Company Dębica S.A. has developed and implemented major failure prevention procedures. 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 environmental 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.

2019 Management Board Report on Company Operations

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. Details are provided 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 performed by a certain employee.
- **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.
- **Violence.** The Company follows the policy of no tolerance for any form of violence at the workplace. Such behaviours as: 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 principles applicable to confidential 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

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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?	Stakeholder engagement
Shareholder	<ul style="list-style-type: none"> • positive financial performance of the Company • maintaining competitive market position 	<ul style="list-style-type: none"> • activities of the Supervisory Board • regular meetings of the Supervisory Board, • appointment and activities of an audit committee • arrangement of meetings with the capital market representatives • publication of stock exchange reports (periodic and current), • dedicated section on a website. • General Meetings of Shareholders.
B2B Customers – non-related entities	<ul style="list-style-type: none"> • product offer, • commercial offer, • close co-operation, • timely deliveries, • quick response to quality related issues. 	<ul style="list-style-type: none"> • on-going meetings during the year, • trade negotiations, • contract with the sales director.
B2B Customers – related entities	<ul style="list-style-type: none"> • timely deliveries, • close co-operation, • 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.
Municipal authorities	<ul style="list-style-type: none"> • environmental care, • running of ethical business, • job creation and maintenance, • compliance with the environment protection and OH&S regulations etc. 	<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, • operation of trade unions, • operation of 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 through information campaigns organized by the Polish Tire

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

		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, 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 extent, 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 Dębica plant 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-wide initiatives and to be involved in local community matters. 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 consecutive section 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" programme. Under the programme, 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 sustainable development priorities are as follows:

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

Approach to implementation

A material 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:

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- fair dealing - build trust and win others through honesty and respect. In this way we can protect the good reputation of Tire Company Dębica S.A.;
- to stimulate your team to take actions - to create an environment where your workmates get inspiration from work, feel good and provide services to the local community;
- to promote co-operation - to be closer to your workmates and encourage 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 sustainable development area

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 regard to:

4.4.2.1. Social issues

Table of Contents:

- Rules in the social issues area
- Corporate priorities in the CSR area
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions to this extent in 2017, 2018 and 2019.

Rules in the CSR 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 road 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 2019, similarly to 2018, there were no breakdowns or accidents related to the impact of factory operations on the local environment.

Corporate priorities in the CSR area include:

- road safety: to promote safety in road traffic to strengthen and protect local communities;

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- potential development: to inspire young people and adults to use their educational potential and to get prepared for professional careers;
- integration with the local community in the City of Dębica

Administrative bases and due diligence procedures

The approach of Tire Company Dębica S.A. to the CSR 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 presented comprehensively.

The effects of application of the Company's policies and actions to this extent in 2017 - 2019

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 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 2019 it was held on 6th 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. Tire Company Dębica S.A. The Company organizes games closely related to the subject of road traffic, e.g. XXL board game, Plush Safety Town or - first aid workshops that proved to be highly popular with children. The highlight of the event is the presentation to first graders, by all event partners, of school kits with reflective elements.

In 2019 510 first graders took part in the event, whereas in 2018 and 2017 – it was 542 and 505 school children respectively. The "Safe Road to School" campaign has been organized for 8 years. Since 2012, as many as 4070 school children have received fully equipped backpacks with reflective elements.

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

Tire Company Dębica S.A. as a member of the Polish Tire 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 2019, an awareness raising campaign concerning road safety related to tires was developed under the "Time to Change Tires" and "Remember About Tires" projects. Information web portals: „Remember About Tires – www.pamietajooponach.pl” and "Time to Change Tires – www.porazmienicopyny.pl”, where information is provided that helps to take care for tires and enhance road safety.

The "Tire Certificate of the Polish Association of the Tire Industry, carried out in cooperation with TÜV SÜD, was also launched, which is an evaluation of the quality of tire services. Since tires are the only point of contact between the vehicle and the road, professional tire services are crucial driver of the road safety. A website dedicated to the programme was developed

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

at www.certyfikatoponiarski.pl On the website you can find all the information related to the project, familiarize yourself with the criteria and procedure, find workshops that are already certified and, most importantly, report your service outlet to it.

Press materials published on the website of the Polish Tire Industry Association (PZPO) in 2019:

- 16 January 2019 – „10 tips before you go on winter holidays - how to prepare your car for travel”⁶
- 4 February 2019 – "How to read tire tests?”⁷
- 12 February 2019 – "Tire sales in 2018”⁸
- 11 March 2019 - "A need for systemic changes to improve road safety”⁹
- 20 March 2019 – "When to buy new tires?”¹⁰
- 4 April 2019 – „7 spring tips for drivers”¹¹
- 8 April 2019 – "The Minister of Infrastructure was misled”¹²
- 9 May 2019 – "Tire sales in Q1 2019”¹³
- 15 May 2019 – "Farmer, you can't afford lousy tires!”¹⁴
- 22 May 2019 – „A worn winter tire does not become all-season one”¹⁵
- 5 June 2019 - „We want to help good service workshop to become even better - Applications for tire service workshop certification have started”¹⁶
- 5 June 2019 – "Is it worthwhile to buy second-hand tires?”¹⁷
- 26 June 2019 – „Do you drive your car shod with winter tires in summertime? You may have problems with your insurance”¹⁸
- 8 July 2019 – "10 rules how to be safe during holiday travel”¹⁹

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,

⁶ <https://pzpo.org.pl/aktualnosci/10-porad-na-ferie-zimowe-jak-przygotowa%C4%87-samoch%C3%B3d-do-podr%C3%B3%C5%BCy.html>

⁷ <https://pzpo.org.pl/aktualnosci/jak-czyta%C4%87-testy-opon.html>

⁸ <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-2018-roku.html>

⁹ <https://pzpo.org.pl/aktualnosci/potrzeba-zmian-systemowych-dla-poprawy-bezpiecze%C5%84stwa-ruchu-drogowego.html>

¹⁰ <https://pzpo.org.pl/aktualnosci/kiedy-kupic-nowe-opony.html>

¹¹ <https://pzpo.org.pl/aktualnosci/7-wiosennych-porad-dla-kierowc%C3%B3w.html>

¹² <https://pzpo.org.pl/aktualnosci/minister-infrastruktury-zostal-wprowadzony-w-blad.html>

¹³ <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-pierwszym-kwartale-2019-roku.html>

¹⁴ <https://pzpo.org.pl/aktualnosci/rolniku-nie-sta%C4%87-ci%C4%99-na-byle-jakie-opony.html>

¹⁵ <https://pzpo.org.pl/aktualnosci/zu%C5%BCyta-opona-zimowa-nie-staje-si%C4%99-ca%C5%82orocz%C4%85.html>

¹⁶ <https://pzpo.org.pl/aktualnosci/chcemy-pom%C3%B3c-dobrym-serwisom-sta%C4%87-si%C4%99-jeszcze-lepszymi.-ruszy%C5%82y-zg%C5%82oszenia-do-certyfikacji-serwis%C3%B3w-oponiarskich.html>

¹⁷ <https://pzpo.org.pl/aktualnosci/czy-op%C5%82aca-si%C4%99-kupowa%C4%87-opony-u%C5%BCywane.html>

¹⁸ <https://pzpo.org.pl/aktualnosci/je%C5%82adysz-na-zim%C3%B3wkach-latem-mog%C4%85-by%C4%87-problemy-z-ubezpieczeniem.html>

¹⁹ <https://pzpo.org.pl/aktualnosci/10-zasad-bezpiecznego-wyjazdu-na-wakacje.html>

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

biology, aviation and all other areas related to the polytechnic industry. To deliver lectures, scientific aids are used, adapted to the age of the audience. The lectures are delivered by academics, industry specialists, popularisers of science and students with appropriate knowledge, attitude and charisma.

Through interesting and developing activities, they stir children's interest in these fields of science. Using the inborn curiosity of children and stimulating the imagination, they motivate to further development.

Each semester comprises a number of lectures corresponding to the number of academic months, i.e. the winter semester, lasting from October to February next year, consists of 5 meetings, while for the summer lasting from March to June in 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 Tire Company Dębica S.A. personnel (in each semester it is a pool of 50 places for Company personnel children).

In the 2019 summer semester, 246 children attended classes, while in the 2019/2020 classes were attended by 255 children. For comparison sake in 2018 in summer semester the Children's University of Technology was attended by 236 children, whereas in 2018/2019 winter season the classes were attended by 240 children. To date the number of participants in all semesters has reached 2 954.

- **Act Locally**

The Company joined the 2019 edition of the Act Locally programme, 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 consecutive years: 2017, 2018 and 2019 under this programme, informal groups and non-governmental organizations implemented 13 projects each year.

All of them were addressed to the local communities of Dębica and the surrounding area, and focused on: 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 of all grades, conduct grade, attendance, participation in school and out-of-school competitions, participation in special interest clubs, etc.

In 2019 (similarly as in previous years) two students attending the IT technician profile form and one student from the electrical technician and electronic technician profile form received the scholarship.

Integration with the local community in the City of Dębica

- **Corporate volunteering**

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 get some hours off to devote to the implementation of activities. In 2017 and 2018 two corporate volunteering projects were implemented at Dębica, whereas in 2019 the employees implemented three projects.

Volunteering projects in 2019:

- Under the first project, the Company's employees, together with school children of one of the local primary schools, planted trees in the school yard. The initial on-the-job training was given and supervised by a representative of the Dębica Forest District. Once the gardening work was completed, the volunteers and their students ran environmental workshops and taught waste segregation.
- The second project is a safety town at a local primary school. One of the volunteers designed a safety town, which he then made along with a group of volunteers. This project helped to improve the road safety of school children who had so far learned practical traffic rules in less favourable conditions, directly on an adjacent road and at a car park near the school.
- The third project was to build a puppy pen at a local kennel. This initiative has improved the level of animal protection in the local community and the sensitivity of its members to environmental needs.

- **Goodfest Music Festival**

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 main purpose remains the same - integration of the local community. During 2019 edition, the Company followed up its 2017-2018 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 Local Police Headquarters in Dębica and the Local Headquarters of the National Fire Service in Dębica a special zones with attractions was prepared by the officers.

A music star at the 2019 Goodfest edition was a vocalist Smolasty and the Wilki Band.

In 2019, similarly to 2017 and 2018 approximately 6,000 people from the City of Dębica and environs took part in the event.

4.4.2.2. Employee issues

Table of Contents:

- Rules in the employee issue area
- Corporate priorities in the employee issue area
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions to this extent in 2017 - 2019

Rules in the employee issue area

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

Corporate priorities in the employee issue area

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

- no acceptance for harassment, discrimination and violence;
- no 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;

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- 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) At the level of compliance with the requirements specified in the laws of the Republic of Poland.
- B) At the level of 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 undertakes all its activities in compliance with 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.
- **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.
- **The 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 non-employees, i.e. trainees, apprentices, subcontractors and temporary employees, guests, clients, suppliers and consultants.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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, 2018 and 2019

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 December 2019	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	77	448	524	1	418	107
Men	321	2,263	2,584	0	2,389	195
Total	398	2,711	3,108	1	2,807	302

As of 31 December 2019	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	14.7%	85.3%	99.8%	0.2%	79.6%	20.4%
Men	12.4%	87.6%	100.0%	0.0%	92.5%	7.5%
Total	12.8%	87.2%	100.0%	0.0%	90.3%	9.7%

2019 Management Board Report on Company Operations

As of 31 December 2018	Type of contract		Type of employment		Type of job	
	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 December 2018	Type of contract		Type of employment		Type of job	
	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 2016 is presented in tables below:

As of 31 Dec. 2017	Type of contract		Type of employment		Type of job	
	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

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

As of 31 Dec. 2017	Type of contract		Type of employment		Type of job	
	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 job	
	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 job	
	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 2019, 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,

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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

The obligatory training (authorisations) courses are planned by the end of November each year. 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 training efforts in relation to the number of scheduled training sessions (it is the number of training sessions implemented / the number of training sessions specified 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 staffing brigades;
- The 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 .
- A number of newly hired employees for blue-collar workers' positions during pre-certification training.
- A number of trainers of the profession.
- A 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 2019, 6001 "training units" had been held compared to 5389 and 3429 units in 2017. 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. exercises permanent supervision the number of trainees.

In 2019, a Training Week was organized, with training and sessions, lecturers and courses run on the following topics:

- Talks with the so called tough customer.
- Methods to manage potentially high-risk incidents, the so-called SIP.
- Rudiments for recruitment interviews
- PPE Programmes
- Crisis communication
- Polish labour law

A coaching training launched in 2018 called "Inside-out GROW" carried out by an in-house trainer was followed up for the managerial staff. These training courses were attended by 55 people in 2018 and by 5 more in 2019.

Employee benefits:

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

In 2019 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 occupational medicine).

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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 Association. To enrol the Association 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 onwards, a premium of 2% is deducted from an employee's salary towards the Association. Loans granted by the Association are interest-free throughout the repayment period.

- **Corporate Social Benefits Fund**

The Company runs Corporate Social Benefits Fund and offers part financing for the following causes:

- 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 by 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 signed insurance contracts.

- **Employee Pension Scheme (EPS)**

The Company followed up offering the Employee Pension Scheme (EPS) that was launched in 2018 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

An essential employee issue 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

4.4.2.3. Natural environment

Table of Contents:

- Environment protection rules
- Company's environmental priorities
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions in this respect in 2018 and 2019

Environmental Protection Rules

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:

- To reduce continuously the environmental impact by segregating and reducing the amount of wastes, reducing emissions of pollutants into the air, soil and water and preventing serious failures.
- To improve 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.
- To improve continuously the 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, in 2019 3 subcommittees operated, dealing with the environment, fire protection noise and ergonomics, respectively. In addition, the Company operates the Ergonomics Centre (opened in 2017) and trains employees how to work ergonomically. The Centre is equipped with models of the devices operated by the personnel on everyday basis. In 2019 all newly hired blue collar workers (total of 452 persons) were trained. 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

²⁰ Quality, Environmental and Energy Policies of T.C. Dębica S.A., May 2019.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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

- A) At the level of compliance with the 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 19.07.2019
- Waste Act of 14 December 2012, consolidated text of 15 March 2019.
- 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 2018
- Act on packaging and packaging waste management of 13 June 2013, consolidated text of 22 February 2019
- 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 22 February 2019.
- • Fire Protection Act of 24 August 2004 (consolidated text, Journal of Laws 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

- Technical specification **IATF 16949** 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^[1]) 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.

^[1] „The IATF is an “ad hoc group of automotive manufacturers and their respective trade associations, formed to provide improved quality products to automotive customers worldwide”.
<http://www.iatfglobaloversight.org/about-iatf/> [access date: 25 March 2018].

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- 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

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 major 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 major 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 hard copy format to employees without access to computers

The effects of application of the Company's policies and actions to this extent in 2017 - 2019

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Update of in-house regulations

In 2019 Tire Company Dębica S.A. launched 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 recent 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. The rise in water consumption in 2019 as compared to the previous two years results from the higher headcount in the company.

Table: Consumption of water for household use in 2016–2019 ('000 m³):

2016	2017	2018	2019
121	101	101	112

Table: Water in m³ per tonne of product in 2016–2019:

2016	2017	2018	2019
4.4	4.3	3.4	3.9

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 2016–2019 (in PLN per tonne of product):

2016	2017	2018	2019
1.7	1.6	1.9	1.8

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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Table: The volume of carbon dioxide emissions from the energy generating fuel combustion process in 2016-2019 ('000 tons):

2016	2017	2018	2019
34	34	35	35

Reduction of energy consumption

In 2019, thermal energy savings were achieved through reduction of the specific consumption of process steam by certain machine types by 4412 tpy, resulting in a reduced consumption of natural gas by 317 685 Nm³/year, and a reduction of CO₂ into the air in the amount of 651 tpy.

The above mentioned results were achieved thanks to the implementation of daily tasks resulting from the implemented Energy Management System.

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 2016 and –2019.

Table Energy consumption index BTU/lb in 2016–2019:

2016	2017	2018	2019
6021	5871	4030	5853

Occupational safety

Key Performance Indicators (KPIs) in the safety area calculated in 2019 include:

KPI	Value in 2019	Value in 2018	Value in 2017
Accidents (number of OSHA accidents + number of incidents when first aid had to be provided)	40	34	20
No. of irregularities left open after corporate audit	0	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 European Tire and Rubber Manufacturers Association (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 Company Dębica S.A.

2019 Management Board Report on Company Operations

- 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

Table of Contents:

- Principles concerning the respect for 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 the Company's policies and actions to this extent in 2017 - 2019

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.

The current Management Board of the Company is composed of 4 males, of which all of them exceed 50 years of age. Meanwhile, the Company's Supervisory Board consists of 8 males, of which 4 persons are between 30 and 50 years of age, while 4 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 categories.

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,

2019 Management Board Report on Company Operations

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 at 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) At the level of compliance with the requirements specified in the laws of the Republic of Poland and applicable international legislation.
- B) At the level of implementation documents in force at the Company.

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 compliance with 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- 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 corporate counsel. 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 of reporting breaches at the Company:

- informing the supervisor, the Human Resources Department or the Legal Department,,
- online hotline available at <http://goodyear.ethicspoint.com> <http://goodyear.ethicspoint.com> with Polish version available,
- 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

In 2019 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 2017-2019 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 corporate whistleblowing policy pursued by the Company. In September 2018, posters were prepared and displayed at visible places indicating options for employees to report irregularities.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- A series of articles on the subject of diversity in the internal employee magazine distributed in a circulation exceeding 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. Archive of the internal magazine is available for all associates.

4.4.2.5. Anti-Corruption Activities

Table of Contents:

- Company priorities concerning counteracting corruption
- Management foundations and due diligence procedures concerning counteracting corruption
- The effects of application of the Company's policies and actions in this respect in 2017-2019

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

Company 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) At the level of compliance with the requirements specified in the laws of the Republic of Poland.
- B) At the level of 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.
- 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.

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

- "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 Tire Company Dębica S.A.. 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 complying with 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 Tire Company Dębica S.A. 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 2019 the value of transactions with related entities that belong to Goodyear concern concerning the sales of products, goods and services totalled PLN 1,843.8 million, and concerning the disposal of fixed assets - PLN 3.0 million

The value of purchase transactions totalled PLN 569.5 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)

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 2019 the liabilities related to the overdraft facilities totalled zero. In 2019, 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 (company) including legal status	Credit /loan amount under Agreement ('000 PLN)	Currency	Terms of payment	Deadline interest rate	Security
BANK PEKAO S.A.	60,000	PLN	WIBOR 1M + 1.30%	30 April 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.
ING BANK SA	30,000	PLN	WIBOR 1M + 1.1%	30 November 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.
BNP PARIBAS	40,000	PLN	WIBOR 1M 1,25%	2/24/2020.	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 March 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.

In 2019 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:

Agreement Date	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
interest realized in 2019 ('000 PLN)	107.9	623.0	1,134.4	756.3	26.7	317.4
principal of the loans as of 31 Dec. 2019 (in '000 PLN)	0	0	0	0	0	0
interest accrued as of 31 Dec. 2019 (in '000 PLN)	0.0	0.0	0.0	25.5	0.0	0.0

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Agreement Date	28 Jun. 2019	27 Sept. 2019.	13 Dec. 2019.	13 Dec. 2019.	13 Dec. 2019.	TOTAL
maturity date (loan repayment)	26 Jun. 2020	25 Sept. 2020	3 Mar. 2020	1 Apr. 2020	11 Dec. 2020	
contractual compensation	WIBOR 1Y+0.1%					
loan amount ('000 PLN)	115,000	70,000	25,000	35,000	105,000	
interest realized in 2019 ('000 PLN)	952.4	238.2	0.0	0.0	0.0	4,156.2
principal of the loans as of 31 Dec. 2019 (in '000 PLN)	115,000	70,000	25,000	35,000	105,000	350,000
interest accrued as of 31 Dec. 2019 (in '000 PLN)	189.5	115.3	25.2	35.3	106.0	497.0

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

In 2019 the Company did not invest into any securities, financial instruments nor real properties.

D

The Company did not announce publicly the financial forecast for 2019.

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 2019 no changes were made in the fundamental rules for company management.

G)

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

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

Remuneration ('000 PLN)	2019	2018
I. Paid or due remuneration to the persons who are members of management bodies, including:		
	3,275.00	4,187.60
1. Remuneration	3,275.00	4,187.60
Leszek Szafran - President of the Management Board	1,006.00	1,208.00
Ireneusz Maksymiuk - a Member of the Management Board	778.50	830.00
Michał Mędrak - a Member of the Management Board	581.70	618.00
Paweł Miłoszewski - a Member of the Management Board		536.00
Mirosław Maziarka - a Member of the Management Board	908.80	995.60
II. Paid or due remuneration to the persons who are members of supervisory bodies, including:		
	485.20	393.00
1. Remuneration	485.20	393.00
Maciej Mataczyński - Chairman of the Supervisory Board	163.30	151.00
Łukasz Rędziniak - a Supervisory Board Member	134.10	121.00
Janusz Raś - a Supervisory Board Member,	73.40	121.00
Andrzej Kowal - a Supervisory Board Member	57.20	
Krzysztof Mika - a Supervisory Board Member	57.20	
TOTAL	3,760.20	4,580.60

H

No member of the Company's governing bodies held any shares in the Company.

I)

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

J)

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

K

In 2019 no acquisition, nor disposal of own shares/interest took place.

L

Material litigation pending before court in 2019:

8 November 2019 Update of information on the shareholder's claim for non-existence, alternatively, cancellation of the resolutions adopted by the Ordinary General Meeting of the Company of 14 June 2018.

The Management Board of Tire Company Dębica S.A. (hereinafter referred to as: "Company"), with reference to the Current Report No. 18/2018 of 3 August 2018, Current Report No. 38/2018 of 21 December 2018, Current Report No. 5/2019 of 1 April 2019 and Current Report No. 12/2019 of 16 May 2019, informed that the Company had been advised that the Court of Appeal in Rzeszów, 6th Commercial Division issued a decision on discontinuation of the appeal proceedings initiated on the grounds of the appeal:

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

1. Alter Closed-End Active Equity Investment Fund,
2. ALTER Closed-End Investment Fund of Active Allocation of Dividend Companies,
3. ALTER Closed-End Investment Fund of Absolute Rate of Return,
4. ALTER Closed-End Absolute Rate of Return Investment Fund of the Polish Market 2,
5. ALTER Closed-End, Absolute Rate of Return Investment Fund of Foreign Markets 2,
6. Alter Closed-End Equity+ Investment Fund,
7. Altus Umbrella Open-End Investment Fund (hereinafter: funds managed by Rockbridge)

against the judgment of the District Court in Rzeszów dismissing in its entirety the action brought by the above-mentioned shareholders

for establishing non-existence, or alternatively, to declare the resolutions adopted by the Ordinary General Meeting of Shareholders of 14 June 2018 invalid. The decision to discontinue the appeal proceedings is a result of withdrawal of the appeal by the claimants.

As a result of the discontinuation of the appeal proceedings, the judgment of the Regional Court in Rzeszów dismissing the claim in its entirety has become final and binding.

The court's decision to discontinue the appeal proceedings concerns the following resolutions of the Ordinary General Meeting of the Company of 14 June 2018:

- Resolution No. 9 on 2017 profit distribution;
- Resolution No. 12 concerning granting the vote of approval to Leszek Szafran, a member of the Management Board, for the discharge of his duties;
- Resolution No. 16 on granting a vote of approval to member of the Supervisory Board of Jacek Pryczek;
- Resolution No. 19 concerning granting the vote of approval to Maciej Mataczyński, member of the Supervisory Board
- Resolution No. 24 concerning the determination that the Supervisory Board in the term of office beginning on 14 June 2018 shall be composed of 7 members;
- Resolution No. 29 concerning appointment to the Supervisory Board in the term of office beginning on 14 June 2018. Mr. Maciej Mataczyński;
- Resolution No. 30 concerning appointment to the Supervisory Board in the term of office beginning on 14 June 2018. Mr. Jacek Pryczek;
- resolution No. 31 concerning appointment to the Supervisory Board in the term of office beginning on 14 June 2018. Mr. Łukasz Rędziniak

The Management Board informs that the numbers of resolutions and the description of their subject matter have been given above in accordance with the petition of the plaintiffs' letter regarding limitation of the appeal.

21 August 2019 Update of information regarding determination of non-existence / declaration of invalidity / cancellation of resolutions adopted by the Ordinary General Meeting of 14 June 2018

The Management Board of Tire Company Dębica S.A. (hereinafter referred to as: in reference to current reports no. 18/2018 dated 3 March 2018, No. 32/2018 of 7 December 2018 and 15/2019 of

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

17 June 2019 announces that the Company is notified that the Court of Appeals in Rzeszów, 1st Civil Division, issued a decision on discontinuance of the appeal proceedings initiated on the basis of the appeal filed by Anastasia van Kannel, a shareholder, against the verdict of the Regional Court in Rzeszów dismissing in its entirety the action of Anastasia van Kannel, a shareholder, to establish non-existence or, alternatively, to declare invalid the resolutions adopted by the Ordinary General Meeting of Shareholders of the Company held on 14 June 2018. The decision to discontinue the appeal proceedings is a result of the plaintiff's withdrawal of the appeal.

As a result of the discontinuance of the appeal proceedings, verdict of the Regional Court in Rzeszów, dismissing

the claim in its entirety, became final and binding. The case subject to the appeal was concerned with the following resolutions:

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

The Management Board informs that the numbers of resolutions and the description of their subject matter have been cited above in accordance with the petitem of the claim.

14 February 2020 Information regarding withdrawal of shareholders' claims for determination of non-existence / declaration of invalidity / cancellation of resolutions adopted by the Extraordinary General Meeting of 23 October 2018.

The Management Board of Tire Company Dębica S.A. (hereinafter referred to as: "Company"), with reference to Current Reports No. 31/2018 of 15 November 2018 and 15/2019 of 17 June 2019, informed that the Company was informed that the District Court in Rzeszów, 6th Commercial Division, issued a decision on discontinuance of the proceedings for declaration of invalidity or revocation of Resolution No. 7 of the Extraordinary General Meeting of Shareholders of Tire Company Dębica S. A. of 23 October 2018 on the amendment of the Company's Articles of Association and authorization of the Company's Management Board to increase the Company's share capital within the authorized capital with an option for the Management Board to exclude, in whole or in part, the pre-emptive rights of the Company's existing shareholders with the consent of the Company's Supervisory Board, conducted on the basis of an action:

ALTUS Closed-End Active Management Fund (former: Altus Closed-End Active Equity Fund) with its registered office in Warsaw, Alter Closed-End Investment Fund of Active Allocation of Dividend Companies (formerly:

Altus Closed-End Investment Fund of Active Allocation of Dividend Companies) with its registered office in Warsaw, Alter Closed-End Investment Fund of Absolute Rate of Return (former: Altus Closed-End Investment Fund of Absolute Rate of Return) with its registered office in Warsaw, Alter Closed-End Investment Fund of Absolute Rate of Return of the Polish Market 2 (former Altus Closed-End Investment Fund of Absolute Rate of Return of the Polish Market 2) with its registered office in Warsaw, Alter Closed-End Investment Fund of Absolute Rate of Return of the Foreign

Tire Company Dębica S.A.

2019 Management Board Report on Company Operations

Market 2 (former: Altus Closed-End, Absolute Rate of Return Investment Fund of Foreign Markets 2) with its registered office in Warsaw, Alter Closed-End Equity+ Investment Fund (former: Altus Closed-End Equity+ Investment Fund) with its registered office in Warsaw, SS1 Closed-End Investment Fund with registered office in Warsaw – all represented by Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw.

and

Altus Umbrella Open Investment Fund with registered office in Warsaw - represented by Altus Towarzystwo Funduszy Inwestycyjnych S.A.

The decision was not legally binding.

24 March 2020 Information regarding withdrawal of shareholders' claims for determination of non-existence / declaration of invalidity / cancellation of resolutions adopted by the Extraordinary General Meeting of 23 October 2018.

In March 2020, with reference to Current Reports No. 31/2018 of 15 November 2018, 15/2019 of 17 June 2019 and 2/2020 of 14 February 2020. The Management Board informed that the decision issued by the District Court in Rzeszów, 6th Commercial Division, on discontinuance of the proceedings for declaration of invalidity or revocation of Resolution No. 7 of the Extraordinary General Meeting of Shareholders of Tire Company Dębica S.A. of 23 October 2018 on amendment of the Company's Articles of Association and authorisation of the Company's Management Board to increase the Company's share capital within the limits of the authorised and non-issued equity along

with an option for the Management Board to exclude, in whole or in part, the pre-emptive rights held by the Company's existing shareholders, with the consent of the Company's Supervisory Board, conducted on the basis of a legal action brought by:

- ALTUS Closed-End Active Management Fund (former: Altus Closed-End Equity Active Fund) with its registered office in Warsaw, Alter Closed-End Investment Fund of Active Allocation of Dividend Companies (formerly:
- Altus Closed-End Investment Fund of Active Allocation of Dividend Companies with its registered office in Warsaw,
- Alter Closed-End, Absolute Rate of Return Investment Fund (former: Altus Closed-End Absolute Rate of Return Investment Fund with its registered office in Warsaw,
- Alter Absolute Rate of Return, Closed-End Investment Fund of the Polish Market 2 (former:
- Altus Absolute Rate of Return, Closed-End Investment Fund of the Polish Market 2) with
- its registered office in the City of Warsaw,
- Alter Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2 (former: Altus Closed-End Absolute Rate of Return Investment Fund of Foreign Markets 2) with its registered office in Warsaw,
- Alter Closed-End Equity+ Management Fund (former: Altus Closed-End Equity + Investment Fund) with its registered office in Warsaw,
- SS1 Closed-End Investment Fund with its registered office in Warsaw - all represented by Rockbridge Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw

and

Altus Umbrella Open Investment Fund with registered office in Warsaw - represented by Altus Towarzystwo Funduszy Inwestycyjnych S.A.

The decision on the discontinuance of the proceedings becomes legally binding and results in the cancellation of the security referred to in letter b) of the Current Report No. 31/2018 of 15 November 2018.

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

Leszek Szafran President of the Management Board, Commercial Chief Officer
(CCO)

Ireneusz Maksymiuk a Management Board member, Chief Financial Officer (CFO)

Michał Mędrek a Management Board Member, Chief Logistics Officer (CLO)

Mirosław Maziarka A Management Board member, Chief Production Officer (CPO)