

MANAGEMENT BOARD'S REPORT ON THE OPERATIONS OF TIRE COMPANY DEBICA S.A. IN 2021



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

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A letter of the President of the Management Board

Dear Sirs,

Dear Shareholders,

The Tire Company Dębica SA in 2021 once again achieved solid results and maintained its leading position in the tire industry. Taking advantage of market opportunities, we achieved sales revenues of PLN 2,342.8 million, which were 29.1% higher than our revenues achieved in 2020.

Despite the rising costs of raw materials, we also achieved a solid net profit of PLN 42.7 million. Thanks to the prudent actions of the management board and responsible financial policy, the company's situation after 2021 is good and stable.

I am extremely pleased that the tires produced in our factory in Dębica have once again won the recognition of drivers in many countries around the world. Our constant focus on the highest quality, supported by many years of experience, means that our production plant leaves the technologically advanced products of known global tire brands such as Goodyear, Dunlop, Fulda, Sava and, of course, our native brand Dębica. We also manufacture passenger tires for the replacement market, as well as those for the original equipment of well-known automotive brands, while meeting stringent quality standards. Truck tires are a solid part of our production, for which we observe a constantly growing demand related to the development of European road transport and logistics.

In 2021, we continued to develop our product offer, focusing on providing consumers with wide access to tires adapted to both driving style and financial possibilities. To meet the growing market of all-season tires, together with our trading partners, we successfully promoted our flagship products, ie Goodyear Vector4Seasons Gen-3 and Dębica Navigator 3. Both tires gained recognition in the eyes of millions of consumers, as well as positive opinions in independent tests and comments.

Our business activity, traditionally, has also been appreciated in the ranking of the "Golden Hundred Companies of Podkarpacie" - we achieved the position of the vice-leader in exports, took third place in the main ranking of the largest enterprises in Podkarpacie, and also in the top five among Podkarpacie companies according to stock market capitalization. We also took high places in the "Golden Ten" of the largest enterprises according to the share of exports in sales in 2020 and the most profitable companies in Podkarpacie in 2020.

From the perspective of the operation of our plant, we constantly monitor the impact of the COVID-19 pandemic on our employees, business partners and the entire industry, and we take actions that allow us to implement our production assumptions without disruptions.

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At the time of submitting this report to the public, it is impossible not to refer to the tragic events related to the war in Ukraine. Due to the proximity of the border with Ukraine, our company - together with partners and with enormous support of employees - from the very beginning engaged in supporting efforts to help all affected by this unprecedented conflict. From a business point of view, we constantly monitor issues related to the supply of raw materials and their potential impact on our business.

Yours truly,

Leszek Szafran,

The President of the Management Board

Financial Highlights

Financial Highlights	PLN		EUR	
	2021	2020	2021	2020
Net sales of products, merchandise and materials	2,342,828	1,815,175	511,814	405,698
Operating profit /loss	50,880	80,256	11,115	17,938
Gross profit/loss	54,800	83,336	11,972	18,627
Net profit/loss	42,679	68,392	9,324	15,287
Operational cash flows, net	219,014	177,900	47,846	39,761
Investment activity cash flows, net	-190,762	-112,442	-41,674	-25,131
Financial activity cash flows, net	-55,156	-60,192	-12,049	-13,453
Total cash flows, net	-26,904	5,266	-5,877	1,177
Total assets	1,980,569	1,818,556	430,615	394,070
Liabilities and provisions for liabilities	819,525	648,845	178,181	140,601
Long-term liabilities	3,449	3,682	750	798
Short-term liabilities	708,234	552,500	153,984	119,723
Shareholders' equity	1,161,044	1,169,711	252 434	253,469
Share capital	110,422	110,422	24,008	23,928
Number of shares (pcs.)	13,802,750	13,802,750	13,802,750	13,802,750
Earnings/loss per ordinary share (in PLN/EUR)	3.09	4.95	0.68	1.11
Diluted earnings/loss per ordinary share (in PLN/EUR)	3.09	4.95	0.68	1.11
Book value per share (in PLN/EUR)	84.12	84.74	18.29	18.36
Diluted book value per share (in PLN/EUR)	84.12	84.74	18.29	18.36
Declared or paid dividend per share (in PLN/EUR)	3.72	4.08	0.82	0.93

1. Comments on the financial performance

1.1. Net sales income and financial position

Net sales income:

In 2021, sales revenues amounted to PLN 2,342.8 million and were 29.1% higher compared to sales revenues achieved in 2020.

The sales of Tire Company Dębica S.A. to related parties in 2021 generated revenues of PLN 2,078.1 million compared to PLN 1,636.8 million last year. This is up by PLN 441.3 million and 27.0% year-on-year. Sales to Goodyear Group entities for 2021 accounted for 88.7% of total sales versus 90.2% in the previous year. Revenues from sales to unrelated parties amounted to PLN 264.7 million and increased by 48.5% year-to-year.

Gross profit margin on sales to affiliates as a percentage of revenue in 2021 was 1.7% compared to 6.5% in 2020. Gross profit margin on sales to unrelated parties as a proportion of revenue increased from 9.9% in 2020 to 15.6% in 2021.

Total gross profit on sales for 2021 was PLN 77.4 million, down 37.3% compared to 2020.

Financial position:

Unit production costs for the four quarters of 2021 were 4.4% higher compared to the same period last year. The increase is primarily due to a 14.4% increase in direct materials prices compared to 2020. The largest price increases were recorded in the natural and synthetic rubber and carbon black groups. Unit processing costs for 2021 were 10.3% lower compared to 2020 due to lower fixed costs as a percentage of manufacturing costs in the current period compared to the same period last year when there was a reduction in production due to the coronavirus pandemic.

In 2021 the selling, general and administrative expenses (SAG) for 2021 amounted to PLN 24.4 million compared to PLN 24.6 million in the previous year. The share of these costs in sales value decreased from 1.4% in 2020 to 1.0% in 2021.

The result on other operating activities in 2021 was an expense of PLN 2.1 million compared to an expense of PLN 18.6 million in 2020.

This level of result on other operating activities was influenced by the following elements:

- a) gain on sale of fixed assets of PLN 0.2 million, similar to the previous year;
- b) lack of proceeds from the subsidy from the Guaranteed Employee Benefits Fund as part of government support in connection with the coronavirus pandemic, while last year the subsidy amounted to PLN 16.0 million;
- c) creation of a provision for restructuring in the amount of PLN 1.1 million, while in 2020 a provision for restructuring costs in the amount of PLN 2.2 million was released
- d) bad debts, which were an expense of PLN 0.6 million, compared to an income of PLN 0.1 million in the same period last year;
- e) other other operating expenses that amounted to PLN 0.6 million and were down by PLN 0.1 million compared to the same period of the previous year;

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f) lack of costs of non-utilized production capacities, while in the corresponding period of the previous year such costs amounted to PLN 36.4 million.

Operating profit for 2021 amounted to PLN 50.9 million vs. PLN 80.2 million in the previous year. This is by PLN 29.3 million and 36.5% less year-over-year. The margin at this level in relation to revenue decreased to 2.2% vs. 4.4% last year.

In 2021 financing activities generated a profit of PLN 3.9 million compared to a profit of PLN 3.1 million in the previous year.

Interest on loan to related parties generated income of PLN 7.8 million, PLN 4.9 million higher than in 2020.

In 2021, there was no financial income from free cash, while in the previous year it amounted to PLN 0.3 million.

Costs of bill of exchange discounting and other interest amounted to PLN 1.9 million, similar to the previous year.

Foreign exchange differences generated an expense of PLN 2.0 million, compared to income of PLN 1.8 million in 2020.

In 2021 pre-tax profit amounted to PLN 54.8 million, this is less than last year by PLN 28.5 million.

The current income tax amounted to PLN 2.4 million, the deferred income tax amounted to PLN 9.7 million. Thus, the total income tax amounted to PLN 12.1 million.

The Company utilized whole amount of tax credit in 2020 and starting from 2021 the whole income is taxed at the basic tax rate. The effective tax rate for 2021 was 22.1%.

In 2021 Tire Company Dębica S.A. earned a net profit of PLN 42.7 million, compared to PLN 68.4 million for 2020. This is a decrease of 37.6%.

At the end of December 2021, fixed assets amounted to PLN 789.6 million and increased by PLN 4.3 million during the year. Property, plant and equipment increased by PLN 3.6 million from December 31, 2020 and amounted to PLN 769.8 million. Capital expenditures for 2021 amounted to PLN 100.2 million and depreciation of existing fixed assets amounted to PLN 97.5 million. Deferred income tax assets amounted to PLN 19.6 million compared to PLN 19.0 million as at December 31, 2020.

Current assets amounted to PLN 1,191.0 million and increased by PLN 157.8 million during the four quarters of 2021. Short-term receivables amounted to PLN 440.2 million and increased by PLN 49.0 million (including: receivables from related parties by PLN 36.7 million, from other entities by PLN 12.3 million). As at the balance sheet date of 31 December 2021 inventories increased by PLN 35.7 million to PLN 138.0 million.

Short-term financial assets increased by PLN 72.8 million during 2021 and amounted to PLN 610.3 million. Loans granted to related parties amounted to PLN 500.0 million, this is an increase of PLN 100.0 million compared to December 31, 2020, cash in bank accounts decreased by PLN 27.2 million.

Short-term prepayments increased slightly and amount to PLN 2.4 million as at the balance sheet date of December 31, 2021 compared to PLN 2.2 million last year.

As of December 31, 2021 the Company's assets amounted to PLN 1,980.6 million and increased by PLN 162.0 million over the four quarters of a year.

As at December 31, 2021, liabilities and provisions for liabilities amounted to PLN 819.5 million and increased by PLN 170.7 million during 2021. Provisions for liabilities increased by PLN 15.2 million, mainly in the line "Provision for deferred tax", which increased by PLN 10.4 million.

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Short-term liabilities increased by PLN 155.7 million, of which liabilities to related parties increased by PLN 55.3 million and to other entities by PLN 101.1 million, while special funds decreased by PLN 0.7 million.

At the end of December 2021, the Company's equity amounted to PLN 1,161.0 million and decreased by PLN 8.7 million compared to the same period of the previous year. There was an increase in reserve capital by PLN 17.0 million, i.e. by 25% of the profit earned for 2020. Net profit of the current year is lower than in 2020 by PLN 25.7 million.

In 2021, the Company fulfilled its obligations on an ongoing basis and there are no significant threats to timely fulfilment of obligations in the future.

Financial instruments

As of the end of 2021, the Company held financial assets available for sale, i.e. shares in third party entities worth PLN 101 thousand.

In 2021, the Company granted four (4) short-term loans worth PLN 500 million to Goodyear S.A., with its registered office in Luxembourg.

The Company did not have any financial liabilities at the end of 2021.

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

In 2021, the Company's sales amounted to PLN 2,342.8 million and were higher by PLN 527.7 million (i.e. by 29.1%) as compared to sales in 2020. Sales to foreign markets amounted to PLN 2,078.5 million and represented 88.7% of the total sales value, of which 96.7% were sales to Goodyear based in Luxembourg. Sales to the domestic market amounted to 11.3% of total sales revenue.

In 2020, sales to foreign markets accounted for 90.1% and sales to the domestic market for 9.9% of total sales.

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 OE tires for vehicles offered under leading automotive brands,
- financial capabilities (budget, 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 manufacturer of curing bladders designed for tire making.

	Sales volume in '000 units	Sales in value terms in '000 PLN	Share in sales in value terms	Change in sales volume 2020 vs. 2019	Change in sales value 2020 vs. 2019
Passenger, commercial, truck and industrial tires	16,508	2,116,609	90.3%	21.5%	25.9%
Other sales		226 219	9.7%		69.1%
Total	16,508	2,342,828	100.0%	21.5%	29.1%

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1.4. Investments and expected growth

In 2021 capital expenditures totalled PLN 100,162 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 2021 allowed to continue the strategy of sustainable business growth paralleled by brand development. In 2021 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 2022.

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 indexes 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;
- 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 position of the customers and consumers
- 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 the data of the European Tire and Rubber Manufacturers Association (ETRMA), 2021 was positive and brought revival for the tire industry in Europe.

European market: A very large increase of + 25% was recorded in the truck tire segment. Thanks to the sustained demand for all-season tires, this segment will also achieve solid growth (+ 35%), while the winter tire segment has grown by + 9%. Sales of truck and motorcycle tires also increased by + 12% and + 14%, respectively. A decrease of -8% was recorded in the passenger car tire segment.

SPRZEDAŻ OPON W POLSCE 2021		
OPONY	Zmiana % z 2020	Zmiana % z 2019
 OSOBOWE (W TYM SUVY I DOSTAWCZE)	+30% ↑	+11%
 NIE-SUV	+27% ↑	-8%
 SUV	+41% ↑	+21%
 LEKKIE DOSTAWCZE	+44% ↑	+19%
 CIĘŻAROWE	+14% ↑	+16%
 ROLNICZE	+31% ↑	+18%
 MOTOCYKLOWE	+0,3% ↑	+11%
 PRZEMYSŁOWE	+11% ↑	-9%

DANE: PZPO, ETRMA

Polish market: In 2021, sales growth was recorded in all segments: passenger car tires + 27%, SUV + 41%, truck + 14%, delivery + 44%, agricultural + 31%, motorcycle + 0.3%, and industrial + 11%.

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 "2021 Statement on Non-Financial Information" representing a separate part of this Report.

2.1. Credit risk

Credit risk associated with the type and scope of business activity may relate to the increase in the level of bad debts, resulting from the necessary (due to market requirements) crediting customers. The company limits its exposure to credit risk related to trade receivables by assessing and monitoring the financial condition of contractors, setting credit limits and using debt collateral. Moreover, since July 2015, the Company insures its receivables. The company focuses on securing payments, both on the formal and legal level (i.e. promissory note, mortgage) as well as on the substantive level (i.e. improvement of delivery logistics, deepening of research on the financial situation of recipients, etc.).

An inseparable element of the credit risk management process implemented in the Company is the ongoing monitoring of receivables and the internal reporting system. As a result, good management of this area allows you to generate added value. Despite the concentration of risk in this respect, it is

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assessed that due to the available historical data and many years of experience in cooperation with clients, as well as the applied collateral, there is a low level of credit risk.

In the opinion of the Management Board of the Company, the level of financial risk related to 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 2021, there were overdraft agreements for a total amount of PLN 145 million. As at December 31, 2021, the use of these loans was zero. The company maintained liquidity and stability of financing. The Company did not bear any significant interest costs, therefore - in the opinion of the Management Board - the risk related to the volatility of interest rates is not significant in the case of the Company.

2.5. Market risk

The Management Board is responsible for managing market risk in the Company and for adhering to the policy adopted in this regard. The company manages market risk by monitoring the market and macroeconomic situation on an ongoing basis. The Management Board makes strategic business decisions related to the maintenance of the Company's market position and appropriate response to the dynamically changing market situation.

In 2021, the Company continued its business activities, allowing it to maintain a competitive market position. Moreover, the Company maintained high financial liquidity combined with a low level of indebtedness. During the financial year, the Company maintained a safe level of indebtedness and diversified risk related to indebtedness and operating activities, cooperating with several banks.

As at the date of this report, the Management Board of the Company does not anticipate any significant cash flow disruptions or loss of financial liquidity, however, due to the dynamic and unpredictable situation related, in particular, to the coronavirus pandemic or geopolitical situation, measures are taken to minimize such risk, including in close cooperation with business partners, optimizing the Company's costs and preparing revised business plans.

2.6 Risk of manufacturing activities disruption

2.6.1. Risk related to COVID-19 pandemic

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 contingent putting the production on halt temporarily, and informs about it in relevant current reports. At the same time, the Company has established a Business

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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.

2.6.2. Risk related to the influence of the political and economic situation in Ukraine

Since the beginning of the war in Ukraine, the Company has been monitoring its impact on its activities on an ongoing basis. The company has no production plants or offices in Ukraine, Russia or Belarus. It also does not sell its products directly in these countries.

Some of the raw materials used in the production at the Dębica factory are obtained from the conflict-affected area, however, the Company cooperates with Goodyear purchasing centers on an ongoing basis to reduce the risk related to unavailability of raw materials and provide alternative sources of supply.

The company constantly assesses the potential effects of the political and economic situation in Ukraine that could affect its business. As events unfold, the Management Board will make appropriate efforts to minimize the negative impact of this situation on the Company's operations.

3. Impact of COVID-19 pandemic on Company operations in 2021

From the beginning of the COVID-19 pandemic, the Management Board continues to monitor its impact on the financial, business and operational aspects of the Company and takes appropriate decisions ensuring business continuity and the safe and stable situation of the company. The scale of the Company's operating activities is and will be adjusted to the current market situation.

3.1. Ensuring business continuity

a) Business Continuity Team

Despite the development of the pandemic, the Management Board has come to the conclusion that it is reasonable to adopt the going concern principle. At the Company there is a Business Continuity Team consisting of representatives of key functions, which develops activities at regular meetings with the aim to ensure continuity of the Company's business based on the existing corporate procedures. The Team regularly reports its activities to the Company's Management Board.

b) Ensuring personnel safety

With the spread of COVID-19 coronavirus in Europe, the Company has taken steps to ensure safety to its personnel. The number of business trips and visits to the manufacturing site has been reduced, and the personnel have been instructed on how to maintain hygiene on the site and in interpersonal contacts. The availability of disinfectants and protective agents has been increased on site, and the personnel whose work can be performed without a need for physical presence in the company may work remotely.

c) Tire making constraints:

In 2021, the Company experienced no production disruptions related to the COVID-19 pandemic.

d) Monitoring of the market situation.

The company constantly monitors the market situation and the level of orders in order to adapt its activities to the dynamically changing market situation.

e) Monitoring of the materials and service supply chain.

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The Company monitors the balance of supplies of strategic raw material, other materials and services vital to ensure production continuity.

3.2. Securing of the Company's long-term financial stability

a) Protection of financial liquidity

The Management Board monitors the financial liquidity of the Company on an ongoing basis. The current responsible financial policy of the Company has a positive effect on the current cash position in the Company, which in the current situation is one of the key factors ensuring financial security in the long term. The company performs all commercial obligations towards contractors, obligations towards employees and all public and legal obligations without any disruptions.

b) Monitoring of loans extended

As of the balance sheet date of 31 December 2021, the balance of loans extended to Goodyear totalled PLN 500 million, however, the Company recalls that under the loan agreements Goodyear SA provides a guarantee of immediate repayment before maturity, if requested by the Company. Therefore capital is not 'frozen' and can be used at any time when needed, without losing interest.

c) Payment of receivables by the customers

The Company controls on an on-going basis the balance of receivables payments made by the Company's customers and will take appropriate steps in case of information about financial dire straits of its business partners.

d) Cost optimization

The company analyzes its planned business activities on an ongoing basis and adjusts the dates of their implementation to the current market conditions.

3.3. Continuation of sales and distribution activities

The company continued its sales and distribution activities. In the opinion of the Management Board, the data for 2021 should not be treated as a source of guidance or forecasts in relation to the Company's results in subsequent periods due to dynamically changing business circumstances, including m.in: increased level of market uncertainty, uncertainty as to the further impact of the COVID-19 pandemic on the economy, industry, business partners of the Company and consumer behavior.

4. Corporate Governance

4.1. A set of corporate governance rules

The Management Board of the Company declares that Firma Oponiarska Dębica S.A. until 30 June 2021 applied the principles of corporate governance contained in the "Best Practices of WSE Listed Companies 2016", constituting an annex to Resolution No. 26/1413/2015 of the Exchange Council of 13 October 2015, published on the website of the <http://www.gpw.pl>.

From 1 July 2021 The Company applies the principles of corporate governance contained in the "Best Practices of WSE Listed Companies 2021", which were adopted by resolution of the Exchange Council No. 13/1834/2021 of March 29, 2021. and entered into force on 1 July 2021.

On 29 July 2021, the Company published to the public and to the WSE an information on the state of application by the Company of the recommendations and principles contained in the "Best Practice for

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WSE Listed Companies 2021", including information on the non-application of selected corporate governance rules together with the justification for withdrawal.

The Company's statement on the state of application of the "Best Practice for WSE Listed Companies 2016" and the "Best Practice for WSE Listed Companies 2021" are published on the Company's website at http://debica.com.pl/relacje-inwestorskie/lad_korporacyjny.

The Management Board of the Company, appreciating the importance of the principles of corporate governance contained in this document and the role that these principles play in strengthening the transparency of listed companies, has made every effort to ensure that the principles referred to above are applied in the Company to the widest possible extent.

4.2. Best Practice for the WSE Listed Companies 2016 and 2021

4.2.1. Information on abandoning the application of the "Best Practice for the WSE Listed Companies 2016"

Below, the Management Board presents the rules contained in the "Code of Best Practice for WSE Listed Companies", which the Company abandoned in 2021, 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,

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.

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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.

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.

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- **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.

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

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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. In relation to the "Remuneration Policy concerning Management and Supervisory Board members in Tire Company Dębica S.A.", adopted in 2020 by the Company's Ordinary General Meeting of Shareholders the Company's Supervisory Board will annually prepare a report on remuneration of the Management and the Supervisory Board members and submit it to the Company's General Meeting of Shareholders. "Remuneration Policy for Management and Supervisory Board Members in Tire Company Dębica S.A." is available on the Company website in the "Investor Relations" section in the "Corporate Governance" tab.

4.2.2. Information on abandoning the application of the "Best Practice for the WSE Listed Companies 2021"

From July 1, 2021, the Company applies the rules contained in the set of "Best Practices of WSE Listed Companies 2021". Below, the Management Board presents the principles contained in this set, from which the Company waived in 2021, together with the justification for the withdrawal.

- **1.2.** Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

The Company intends to continue the current practice in the field of publication dates of periodic reports. The annual report is usually published as soon as possible and is usually preceded by the publication of preliminary results. Due to the increased burden of the Company's ongoing business activities with regulatory and reporting obligations, quarterly reports are usually published within the time limits specified by law.

- **1.3.** Companies integrate ESG factors in their business strategy, including in particular:;
 - **1.3.1.** environmental factors, including measures and risks relating to climate change and sustainable development;;

The Company, based on its business model, carries out activities taking into account activities in the areas of ESG - including environmental and climate change issues, as well as other issues in the field of sustainable development. Each year, they are comprehensively presented to the Company's stakeholders in the "Statements on non-financial information", which are a separate part of the Management Board Reports on Activities (part of the annual reports, available, among others, on the Company's website, in the "Investor relations" section).

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- **1.3.2.** social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

The Company, based on its business model, carries out activities taking into account activities in the areas of ESG - including environmental and climate change issues, as well as other issues in the field of sustainable development. Each year, they are comprehensively presented to the Company's stakeholders in the "Statements on non-financial information", which are a separate part of the Management Board Reports on Activities (part of the annual reports, available, among others, on the Company's website, in the "Investor relations" section).

- **1.4.** To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among other;.:

The Company, based on its business model, carries out activities taking into account activities in the areas of ESG - including environmental and climate change issues, as well as other issues in the field of sustainable development. Each year, they are comprehensively presented to the Company's stakeholders in the "Statements on non-financial information", which are a separate part of the Management Board Reports on Activities (part of the annual reports, available, among others, on the Company's website, in the "Investor relations" section).

- **1.4.1.** explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

The Company, based on its business model, carries out activities taking into account activities in the areas of ESG - including environmental and climate change issues, as well as other issues in the field of sustainable development. Each year, they are comprehensively presented to the Company's stakeholders in the "Statements on non-financial information", which are a separate part of the Management Board Reports on Activities (part of the annual reports, available, among others, on the Company's website, in the "Investor relations" section).

- **1.4.2.** present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The Company does not present the value of equal pay index to employees. In the Management Board Report on Activities, the Company presents a list of fixed-term and indefinite contracts, broken down by gender, type of job and type of position.

- **1.5.** Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

The Company supports selected culture, sports, charity institutions and other social organizations to the extent appropriate to the scale and especially the importance of its activities and impact on the local community, i.e. the inhabitants of Dębica, where the Company's production plant is located, and more broadly - the Podkarpackie Province. Disclosure of a statement of this type of expenditure would require prior agreement with the above-mentioned organizations, which, in the opinion of the Company, would lead to an unnecessary burden of administrative activities, inadequate to the information needs of the Company's stakeholders.

- **1.6.** Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they

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invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised..

The Company organizes meetings for investors twice a year, which is related to the past practice of the Company and the needs of the Company's stakeholders, including investors and analysts. During these meetings, the Company's management board presents and comments on the Company's financial results, as well as the most important events affecting the Company's operations, results and future prospects.

- **1.7.** If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

The Company provides shareholders with information in accordance with the law, in particular in accordance with the provisions of the Commercial Companies Code. Investors have access to information published on the Company's website and the ESPI system to the extent required by law, and have the opportunity to participate in meetings organized for investors and ask questions

- **2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%

The Company does not have a formal diversity policy. Supervisory board members as a rule are elected by shareholders and the Company has no legal grounds to impose on shareholders the diversity criteria when making their selection. When making decisions on the appointment of members of the management board, the supervisory board is primarily guided by the competences of potential candidates and the need to ensure appropriate operation of the management board as a whole. The Company applies the principles of equal treatment and non-discrimination in personnel decisions. Despite the lack of formal rules for selecting members of the Company's bodies, the Company declares that it strives to use the knowledge and experience of people with various competences.

- **2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

Supervisory board members are as a rule elected by shareholders and the Company has no legal grounds to impose on shareholders the diversity criteria when making their selection. When deciding on the appointment of members of the management board, the supervisory board is primarily guided by the competences of potential candidates and the need to ensure appropriate operation of the management board as a whole. The supervisory board applies the principles of equal treatment and non-discrimination with regard to personnel decisions. Despite the lack of formal rules for selecting members of the Company's bodies, the Company declares that it strives to use the knowledge and experience of people with various competences.

- **2.7.** A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board

The Articles of Association or the Regulations of the Management Board do not require the consent of a management board member to perform functions in entities outside the group. Pursuant to the

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provisions of the Code of Commercial Companies applied by the Company, performing a function in a body competitive to the Company requires the consent of the supervisory board.

- **2.11.5.** assessment of the rationality of expenses referred to in principle 1.5;

Due to the non-disclosure of statements of this type (see explanation to principle 1.5), this Principle is currently not applied.

- **2.11.6.** information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1

Due to the lack of the application of Principle 2.1. as well as the lack of the "Diversity Policy" adopted (see explanation to Principle 2.1.), this Principle is not applied at present.

- **3.1.** Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

In the Company internal audit unit is not organizationally separated. The internal control and risk management systems are dispersed and are carried out by various operational divisions.

- **3.2.** Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity

The separation of organizational units responsible for the tasks of individual systems and functions is not justified due to the type of activity conducted by the Company.

- **3.3.** Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

The Company decided not to appoint a person to the position of an internal auditor at this moment in time, but the company will continue to reassess the need for appointing an internal auditor. In the Company, internal audit unit is not organizationally separated. The internal control and risk management systems are dispersed and are carried out by various operational divisions.

- **3.5.** Persons responsible for risk and compliance management report directly to the president or other member of the management board.

Not all persons in the Company responsible for risk management and compliance report directly to the president or other member of the management board. The risk management system, including compliance risk, is dispersed and carried out by various operational divisions.

- **3.6.** The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

In the Company internal audit unit is not organizationally separated. The internal control and risk management systems are dispersed and are carried out by various operational divisions.

- **3.7.** Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks

The principle not applicable to the Company

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- **3.10.** Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

The Company has not used an external auditor so far to review the internal audit function, but it does not exclude it in the future. The Company's audit committee monitors the effectiveness of the internal audit.

- **4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

In the opinion of the Company, the current mode of conducting general meetings, carried out pursuant to the provisions of the Commercial Companies Code, is sufficient.

- **4.3.** Companies provide a public real-life broadcast of the general meeting

In the opinion of the management board, there is no need to conduct a generally available real-life broadcast of the general meeting.

- **4.6.** To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

The management board of the Company intends to prepare justification for the resolutions only in cases when, in the opinion of the management board, the resolution is not of a typical, repetitive nature, concerns a complex issue and when the purpose of the resolution is not obvious or in situations where the justification of the resolution is required by law. In the opinion of the management board, also based on experience, many typical resolutions adopted by the general meeting do not require any special justification and their content and purpose is obvious to the Company's shareholders

- **4.7.** The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

The supervisory board gives its opinion on draft resolutions submitted by the management board to the agenda of the general meeting on matters specified in § 26.1 of the Company's Articles of Association, and not on all matters.

- **4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

Pursuant to the provisions of the Commercial Companies Code, draft resolutions may also be submitted by shareholders during the general meeting. There are no legal grounds to limit the time limit within which shareholders could submit draft resolutions

- **4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:
 - **4.9.1.** candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;;

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Pursuant to the provisions of the Commercial Companies Code, draft resolutions may also be submitted by shareholders during the general meeting. There are no legal grounds to limit the time limit within which shareholders could propose candidates for members of the supervisory board

- **6.3.** If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of predefined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The Company implements the "Compensation Policy for the Management Board and Supervisory Board Members", which is available on the Company's website, in the "Investor relations" section (tab: "Corporate governance").

4.3. Shares and shareholding structure

4.3.1. Shareholding structure and changes

According to the information in the Company possession as of 31 December 2021 and as at the date of drawing up 2020 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.¹

Changes in the shareholding structure in 2021:

In 2021 no changes were recorded in the Company's shareholding structure.

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

¹ 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

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4.3.3. Dividend

On 23 June 2021, 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 2020 in the amount of PLN 68 392 458,36 with ((n words: sixty eight million three hundred ninety two thousand four hundred fifty eight zlotys 36/100) as follows:

1. the amount of PLN 51 346 230,00 (in words: fifty one million three hundred forty six thousand two hundred and thirty zlotys 00/100) shall be allocated to the shareholders for the payment of PLN 3,72 per share, setting 20 October 2021 as the date of acquisition of dividend rights (dividend day) and 17 December 2021 as the dividend payment date - due to the seasonal nature of the Company's business;
2. the amount of PLN 17 046 228,36 (in words: seventeen million forty-six thousand two hundred and twenty-eight zlotys and 36/100) 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.

4.4. Articles of Association and statutory authorities

4.4.1 Amendments to the Articles of Association

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

Registration of amendments to the Company's Articles of Association

On 8 February 2021, the Company's Management Board was notified of the registration of an amendment to the Company's Articles of Association (the "Articles of Association") by the District Court in Rzeszów, 12th Commercial Division of the National Court Register on 22 January 2021. These amendments were adopted by the Company's Extraordinary General Meeting of Shareholders on 23 October 2018 (in Resolution No. 7).

The Company's Articles of Association are amended by adding § 6a with the following wording:
"§ 6a.

1. The Company's Management Board is authorised to increase the share capital by an amount not exceeding PLN 82,816,500.00 (eighty-two million, eight hundred and sixteen thousand, five hundred zloty) by way of one or several share capital increases within the limits specified above, through the issue of bearer shares ("authorised capital").
2. The authorization referred to in clause 1 shall expire 3 years from the date of registration of the amendment to the Company's Articles of Association providing for this authorised capital in the Register of Entrepreneurs of the National Court Register.
3. A prerequisite for the Management Board to perform a share capital increase within the limits of the authorised capital is to obtain consent of the Company's Supervisory Board to perform such an increase and the adoption of an appropriate resolution by the Management Board.
4. The Company's Management Board is authorised to determine detailed conditions and manner of carrying out the subscription of shares issued in connection share capital increase within the limits of the authorised capital, and in the event of a decision to issue shares within the limits of closed or open subscription, in particular to:
 - set the opening and closing dates for share subscription,
 - determine the method and conditions for filing subscriptions,
 - allot shares, including allotment of shares not covered by the exercise of pre-emptive rights.

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5. A resolution of the Company's Management Board on determining the share issuing price for the shares belonging to the authorised capital shall require the consent of the Company's Supervisory Board.

6. The Company's Management Board is authorised, subject to the consent of the Company's Supervisory Board, to waive shareholders' pre-emptive rights (in whole or in part) to shares issued within the limits of the authorised capital increase.

7. If the Company's Management Board, with the consent of the Supervisory Board, waives the shareholders' pre-emptive rights (in full or in part) to shares issued within the limits of the authorised capital increase, the Management Board of the Company shall offer the shares issued within the meaning of Article 431 § 2(1) of the Commercial Companies Code through private placement.

8. When increasing the capital within the authorized capital, the Company's Management Board may issue shares only in exchange for cash contributions.

9. The Company's Management Board may not issue preferred shares to shareholders who subscribe for shares in connection with a share capital increase within the scope of authorized capital, nor may it grant them personal privileges.

10. Unless otherwise provided by law or this paragraph, the Company's Management Board shall be authorised to decide on all matters related to the share capital increase within the limits of the authorised capital, in particular the Company's Management Board shall be authorised to:

1) take all actual and legal actions aimed at admitting the shares to trading in the regulated market operated by the Warsaw Stock Exchange S.A., including performing appropriate actions and filing all motions, documents or notices aimed at admitting the shares to trading in the regulated market operated by the Warsaw Stock Exchange S.A.

2) adopt resolutions and take all other factual and legal actions on the dematerialization of shares and conclude agreements with the National Depository for Securities S.A. for the registration and dematerialization of shares."

- On 22 September 2021 the Company learned about the registration on September 17, 2021, by the District Court in Rzeszów, 12th Commercial Division of the National Court Register, changes to the Company's Articles of Association ("Articles of Association"). These changes were adopted by the General Meeting of the Company on June 23, 2021 (Resolution No. 32).

Amendments to the Articles of Association of the Company consisted in giving §26 section 2 of the Articles of Association in the current wording:

"The purchase and sale of real estate or an interest in real estate does not require a resolution of the General Meeting." the new following wording:

"The purchase and sale of real estate, perpetual usufruct or an interest in real estate does not require a resolution of the General Meeting."

The consolidated text of the Company's Articles of Association, taking into account the above changes, was made public after it was established by the Supervisory Board of the Company and is available on the Company's website at https://debica.com.pl/relacje-inwestorskie/lad_korporacyjny.

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.

4.4.2. 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

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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 Articles of Association, 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 2021)

Management Board:

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

Changes in the composition of the Management Board:

- On February 21, 2022, the Company received information about the resignation of Mr. Michał Mędrak from the position of a Member of the Management Board of the Company on February 24, 2022, which was announced in the current report No. 2/2022 of February 24, 2022.
- On March 3, 2022, the Supervisory Board of the Company adopted a resolution to appoint Ms. Anna Winiarska-Miśkowiec as a Member of the Management Board of the Company. The resolution entered into force on the date of its adoption, about which the Company informed in the current report No. 3/2022 of March 3, 2022.

Management Board composition during its 20th term of office (valid as at the date of publication of the annual report)

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Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	Member of the Management Board
Anna Winiarska-Miśkowiec	Member of the Management Board
Mirosław Maziarka	Member of the Management Board

4.4.3. 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 Articles of Association 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 Articles of Association, 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;

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- written opinions on motions submitted to the General Meeting of Shareholders concerning the matters covered in Article 26, par. 1 of the Company's Articles of Association;
- 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 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 23 June 2021 the General Meeting of Shareholders adopted a resolution on the appointment of the following persons to the Supervisory Board:

Supervisory Board

Jacek Pryczek

François Colin de Verdière

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Vincent Ganier

Michaël De Schrijver

Łukasz Rędziniak

Andrzej Kowal

Lourens Roets

Pursuant to §14 of the Company's Articles of Association the Company personnel, elected Mr Marek Piękoś during the elections of the Company's Supervisory Board member for the term of office starting from 23 June 2021. Pursuant to §14, par. 1 of the Company's Articles of Association the Supervisory Board members are appointed for a joint term of office.

On 20 July 2021 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,

François Colin de Verdière – to the position of Deputy Chairman of the Supervisory Board,

Andrzej Kowal – 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.

September 2, 2021: The Company received information on the resignation of Mr. Łukasz Rędziniak from the position of a member of the Supervisory Board of the Company as of September 2, 2021.

September 6, 2021: the Supervisory Board of the Company adopted a resolution to appoint Ms. Agnieszka Modras to the Supervisory Board, pursuant to § 14 sec. 4 of the Company's Articles of Association and § 3 sec. 4 of the Regulations of the Supervisory Board. The resolution entered into force on the date of its adoption.

• **The Supervisory Board composition as of 31 December 2021 and as at the date of publication of the annual report**

Jacek Pryczek	- The Chairman of the Supervisory Board
François Colin de Verdière	- A Supervisory Board member, Deputy Chairman of the Supervisory Board
Andrzej Kowal	- An independent Member of the Supervisory Board, the Secretary of the Supervisory Board
Agnieszka Modras	- An independent Member of the Supervisory Board
Vincent Ganier	- Member of the Supervisory Board
Lourens Roets	- Member of the Supervisory Board
Michaël De Schrijver	- Member of the Supervisory Board

Audit Committee

A permanent Audit Committee operates within the Supervisory Board.

The Audit Committee consists of at least 3 (three) members (including the Chairman) appointed and dismissed by the Supervisory Board from among its members.

When determining the composition of the Audit Committee, it should be taken into account that:

- a) the majority of members of the Audit Committee (including its Chairman) should meet the independence criteria specified in Art. 129 sec. 3 of the Act on experts;
- b) at least one member of the Audit Committee should have knowledge and skills in accounting or auditing of financial statements;
- c) members of the Audit Committee should have knowledge and skills in the industry in which the Company operates. This condition is deemed to be met if at least one member of the Audit Committee has knowledge and skills in this industry, or individual members in specific areas have knowledge and skills in this industry.

The Audit Committee responsibilities include:

- a) monitoring:
 - (i) the financial reporting process;
 - (ii) effectiveness of internal control systems and risk management systems as well as internal audit, including financial reporting;
 - (iii) performance of financial audit activities, in particular the performance of an audit by the audit firm, taking into account all conclusions and findings of the Audit Oversight Commission resulting from the control carried out in the audit firm
- b) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when the Company is provided with services other than audit by the audit firm;
- c) informing the Supervisory Board about the results of the audit and explaining how the audit contributed to the reliability of financial reporting in the Company, as well as the role of the Audit Committee in the audit process;
- d) assessing the independence of the statutory auditor and expressing consent to the provision of permitted non-audit services by the auditor; e) developing a policy for selecting an audit firm to conduct the audit;
- e) developing a policy for selecting an audit firm to conduct the audit;
- f) developing a policy for the provision of permitted non-audit services by the audit firm conducting the audit, by entities related to that audit firm and by a member of the audit firm's network;
- g) specifying the procedure for selecting an audit firm;
- h) submitting recommendations to the Supervisory Board as to the selection of an audit firm;
- i) submitting to the relevant authorities and internal units of the Company (including in particular the Supervisory Board and the Management Board) recommendations aimed at ensuring the reliability of the financial reporting process in the Company;

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j) analysis of written information received from the entity authorized to audit financial statements on significant issues related to financial audit activities and providing the Supervisory Board with the position of the Audit Committee on this matter.

The Audit Committee may, without the intermediation of the Supervisory Board, request from the Management Board and employees of the Company to provide information, explanations and provide documents necessary to perform the tasks of the Audit Committee.

During each financial year, at least 2 (two) meetings of the Audit Committee should be held, and 1 (one) meeting every six months. Members of the Management Board, employees of the Company responsible for its financial matters and an entity authorized to audit financial statements may be invited to the meetings of the Audit Committee.

Audit Committee composition as of 31 December 2020 and as at the date of publication of the annual report

Andrzej Kowal – Chairman of the Audit Committee

A graduate of the Poznań University of Economics, Faculty of Economics and Industry 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 Deputy Chairman of the Supervisory Board at Reino Capital S.A. and Chairman of the Audit Committee. 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 Code of Best Practices of WSE Listed Companies 2016.

Agnieszka Joanna Modras - A Member of the Audit Committee

Legal Counsel, graduate of the Faculty of Law and Administration at the University of Warsaw. Graduate of postgraduate studies regarding risk management in financial institutions at the Warsaw School of Economics (2017), from 2017 participant of the doctoral study program at the Faculty of Management at the University of Warsaw. Between 2002 and 2004, lawyer in the Warsaw office of Weil Gotshal & Manges. Then, in the period from 2004 to 2015, she working as Legal Counsel at Sołtysiński Kawecki & Szlęzak law firm. Between 2015 and 2020, director of the legal service department of Bank Pocztowy S.A. From 2020, director of the legal department of Bank Gospodarstwa Krajowego. From 2020, an independent member of the supervisory board of ZT Kruszwica S.A. In the past, an independent member of the supervisory board and chairman of the audit committee at FCA-Group Bank Polska S.A. (2017-2019), as well as vice-chairman of the supervisory board of Immusec sp.z o.o. (2016-2019). Agnieszka Joanna Modras meets the criteria of independence within the meaning of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, as well as within the meaning of the Annex II to the Recommendation of the European Commission 2005/162 / EC of February 15, 2005 on the role

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of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as the criteria described in the Best Practices of WSE Listed Companies 2021.

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.

In 2021, the Audit Committee held 4 meetings.

4.4.4. 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 acknowledgment 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;

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- the amendment of the Company's scope of activities;
- amendment to the Company's Articles of Association,
- 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.

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 2021:

- The Ordinary General Meeting of Shareholders was held on 23 June 2021.

4.4.5. Appointment of an audit firm

On August 12, 2021, an agreement was concluded with PricewaterhouseCoopers Polska, limited liability company Audyt Sp.k. with headquarters in Warsaw, at ul. Polna 11, for the audit and review of the financial statements for 2021. Pursuant to the concluded agreement, the remuneration payable for the audit and review of the financial statements for 2021 is PLN 302,000 (2020: PLN 285,000).

In addition, in 2021, the statutory auditor provided the service of evaluating the Supervisory Board's Report on the remuneration of members of the Management Board and Supervisory Board for the years 2019-2020, based on the letter of engagement of May 5, 2021. The fee for the service was PLN 25,000.

The Management Board informs that, on the basis of the Supervisory Board's statement, the entity authorized to audit financial statements, auditing the Company's annual financial statements for 2021, was selected in accordance with the provisions of law, and that this entity and the statutory auditors who carried out this audit met the conditions for issuing an impartial and independent report from the audit, in accordance with the provisions of national law.

The main assumption of the developed policy of selecting an audit company to conduct the audit was to select a reputable company (from the group of the so-called "Big Four"), having appropriate experience and guaranteeing high quality of audit services.

4.4.6. 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. 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.

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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.

4.4.7. 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".

5. Statement on non-financial information

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

5.1.1. Operations and business environment

5.1.1.1 Company's core activity

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

5.1.1.2 Corporate organisation and structure

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

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

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

Goodyear S.A. is controlling the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it 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 at December 31, 2021, the Company employed 3,031 employees.

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On December 31, 2020, the company employed 2,963 employees.

In 2019 it was 3,109 employees, in 2018 - 2,872 employees, in 2017 - 2,772.

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: ISO 45001
- energy management: ISO 50001 regarding the manufacturing of tires.

5.1.1.3 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 bladders designed for tire making. In 2021, the Company manufactured over 273 thousand membranes in 164 product ranges. These included membranes for the manufacture of tires for: motorcycles, planes, passenger cars, farming vehicles, trucks and heavy earthworks vehicles. The tire membranes were made for Company's own consumption and were exported to corporate and corporate customers. Their sales totalled 220 thousand tire membranes. They were sold to tire manufacturing companies, mainly in Western Europe, North and Latin Americas.

In 2021, the Company's sales amounted to PLN 2,342.8 million and were higher by PLN 527.7 million (i.e. by 29.1%) as compared to sales in 2020. Sales to foreign markets amounted to PLN 2,078.5 million and represented 88.7% of the total sales value, of which 96.7% were sales to Goodyear based in Luxembourg. Sales to the domestic market amounted to 11.3% of total sales revenue. In 2020, sales to foreign markets accounted for 90.1% and sales to the domestic market for 9.9% of total sales.

Innovative solutions in tire making

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

- the 3D-BIS (three-dimensional tread block locking) improving the rigidity and stability of tires on wet and dry roads, as well as their grip on snow and ice;
- the Grip Booster technology consisting in the application of a viscous resin which improves the tire grip during braking and driving on wet and dry surfaces;
- the WearControl technology ensuring an optimal balance between a wet grip and low rolling resistance throughout the entire service life of a tire;
- the TOPIndicator technology, facilitating the monitoring of the tread wear;

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- 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 2021 capital expenditures totalled PLN 100,162 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.

5.1.1.4. 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 the Web, where they can find search engines and websites comparing tire products.²

According to the data of the Polish Tire Industry Association (PZPO), based on the data of the European Tire and Rubber Manufacturers Association (ETRMA), 2021 was positive and brought revival for the tire industry in Europe.

European market: A very large increase of + 25% was recorded in the truck tire segment. Thanks to the sustained demand for all-season tires, this segment will also achieve solid growth (+ 35%), while the winter tire segment has grown by + 9%. Sales of truck and motorcycle tires also increased by + 12% and + 14%, respectively. A decrease of -8% was recorded in the passenger car tire segment.

Polish market: In 2021, sales growth was recorded in all segments: passenger car tires + 27%, SUV + 41%, truck + 14%, delivery + 44%, agricultural + 31%, motorcycle + 0.3%, and industrial + 11%.

Automotive market:

Car registration: According to the data of the European Automobile Manufacturers Association ACEA, 107,966 new cars were registered in Poland in 2021, i.e. 32% more compared to 2020. In the European Union, throughout 2021, the number of new commercial vehicle registrations amounted to 1,880,682 units, which is an increase of 9.6% compared to 2020.

New car sales: In 2021, new car sales in the EU fell by 2.4% to 9.7 million units, despite the record low comparative base of 2020. This decline was due to a semiconductor shortage that negatively impacted car production throughout the year, but mainly in the second half of 2021.³

² Source: <https://pzpo.org.pl/aktualnosci/moto-data-a%C5%BC-16-kierowc%C3%B3w-kupuje-opony-na-gie%C5%82dzie-lub-szrocie.html>, accessed on 22 March 2019

³ Source <https://www.acea.auto/pc-registrations/passenger-car-registrations-2-4-in-2021-22-8-in-december/>, accessed on 15.03.2022

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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.

5.1.1.5 Major trends and drivers of tire business and Company growth

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

- macroeconomic situation
- 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.

5.1.2 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 2021 allowed to continue the strategy of sustainable business growth paralleled by brand development.

Values and key competencies

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

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

Expected development

Tire Company 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 indexes 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

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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.

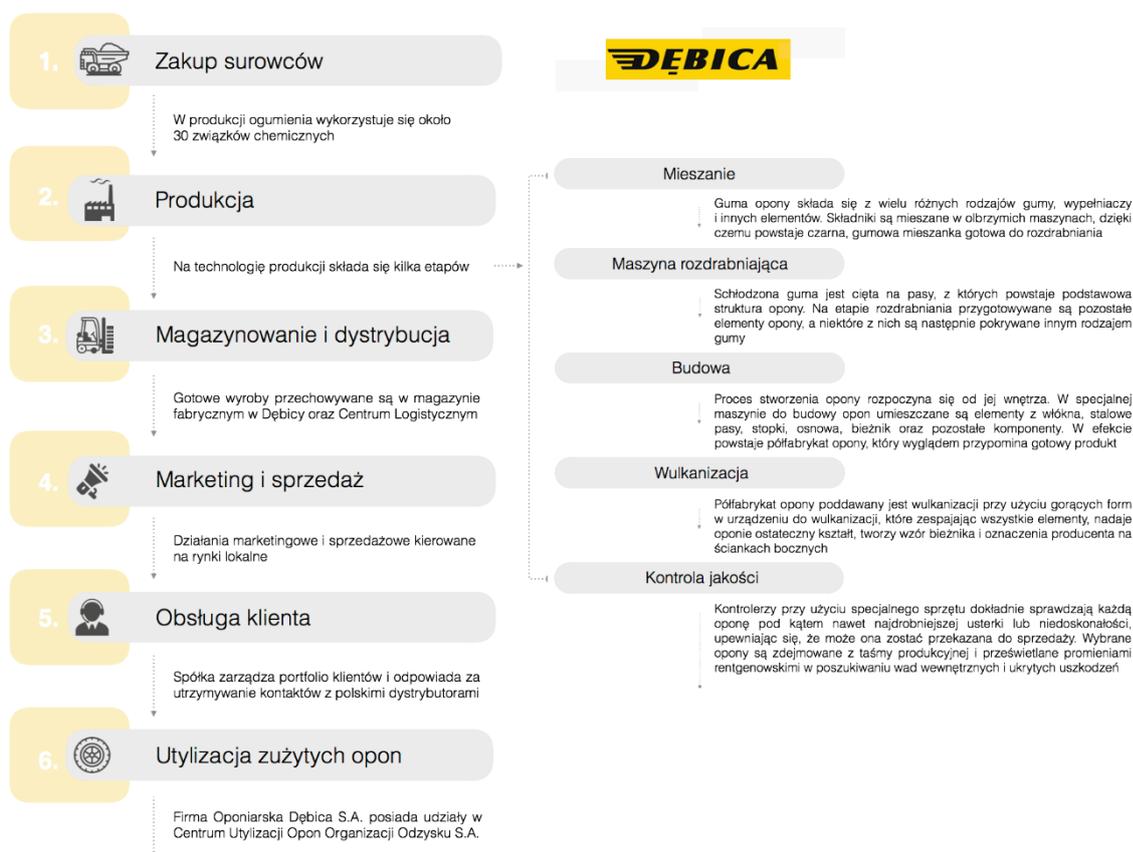
External drivers:

- a) macroeconomic situation - the condition of the economy and its impact on the financial position of the customers and consumers
- development of the automotive industry - growth rate of car production and sales;
- 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.

5.1.2.1. Value chain

Fig. Value chain of Tire Company Dębica S.A.

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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

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.

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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)

5.1.2.2. 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").

5.1.2.3. 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.

Procurement, purchases of raw materials and services

Tire production involves about 30 chemical compounds. Between 2018-2021, the structure of the raw materials used to manufacture a standard tire was as follows:

- petrochemical materials (synthetic rubber, rubber materials, fabric, soot) – approximately 67%,
- organic materials (natural rubber) – approximately 20%,
- metals (wire rod, bead wire, wire, zinc) - approximately 13%.

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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.

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 in the Company's warehousing facility at Dębica,

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

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

TDRC fulfils, on behalf of businessmen launching new tires in the Polish market, the obligations under the Act of 11 May 2001 on the businessmen 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.

5.1.3. Other information.

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

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

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

External risk factors

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- **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 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

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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. 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.

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Counteracting Corruption

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 and online training sessions, for its employees related to anti-corruption measures.

5.2.2. Description of the management of relations with individual groups of stakeholders

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

The Company has identified the following key stakeholder groups:

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

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

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

Stakeholder	What aspects of the Tire company Dębica S.A activities are key to them?	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.

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		<ul style="list-style-type: none"> • 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 Industry Association

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

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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.

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

5.4.1. 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:

- 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

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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.

5.4.2. Description of the policies and due diligence procedures applied by the Company with regard to:

5.4.2.1. Social issues

Table of Contents:

- Rules in the CSR area
- Corporate priorities in the CSR area
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions in this respect in 2017 - 2021

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 2021, similarly to 2020, 2019 and 2018, there were no breakdowns or accidents related to the impact of plant 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;
- 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 - 2021

Road Safety

- "Safe Road to School"

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"Safe Road to School" is an annual campaign organized jointly with the Dębica Town Hall and local business partners. 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 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.

Due to the persisting COVID-19 pandemic and its impact on the organization of lessons and the remote classes introduced, it was not possible to organize another edition of "Safe Road to School" campaign in 2020 and 2021.

• 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), he actively participates in activities increasing drivers' awareness of the impact of tires, their quality and technical condition on road safety. The company supports the organization of information campaigns and press materials on driving safety.

In 2021, PZPO implemented the # OponyMająMoc campaign, in which, through video materials from tests on the track and showing the truths and myths about tires posted on the campaign website (www.oponymajamoc.pl), it makes drivers aware of the 3P principle (Decent tires, Professional service, Correct pressure) . The campaign was carried out in spring and autumn in digital channels in the form of banners and animated spots.

The program "Tire Certificate of the Polish Tire Industry Association", implemented in cooperation with TÜV SÜD, which assesses the quality of tire services, was also continued. As tires are the only point of contact between the vehicle and the road, professional tire services have a very important impact on road safety. A website dedicated to the program was created, www.c.certatoponiarski.pl, where you can find all information related to the project, read the criteria and procedure, find workshops that already have a certificate, and, most importantly, submit your service to it.

Selected press materials published on the PZPO website and sent for publication in the media in 2021

- „Wakacje za pasem. Czy przygotowaliście auto na wyjazd?”⁴
- „Zimówki w drodze na plażę? Lepiej nie!”⁵
- „Bez ciśnienia ani rusz”⁶
- „Robi się chłodno – zmień opony przed wyjazdem na Święto Zmarłych”⁷
- „Rozpędzony dostawczak na letnich oponach to 3,5 tony zagrożenia”⁸
- „Nadal jeździsz na letnich oponach?”⁹

⁴ <https://pzpo.org.pl/aktualnosci/wakacje-za-pasem.-czy-przygotowali%C5%9Bcie-auto-na-wyjazd.html>, access [14.03.2022]

⁵ <https://pzpo.org.pl/aktualnosci/zim%C3%B3wki-w-drodze-na-pla%C5%BC%C4%99-lepiej-nie.html>, access [14.03.2022]

⁶ <https://pzpo.org.pl/aktualnosci/bez-ci%C5%9Bnienia-ani-rusz.html>, access [14.03.2022]

⁷ <https://pzpo.org.pl/aktualnosci/robi-si%C4%99-ch%C5%82odno-zmie%C5%84-opony-przed-wyjazdem-na-%C5%9Bwi%C4%99to-zmar%C5%82ych.html>, access [14.03.2022]

⁸ <https://pzpo.org.pl/aktualnosci/rozp%C4%99dzony-dostawczak-na-letnich-oponach-to-35-tony-zagro%C5%BCenia.html>, access [14.03.2022]

⁹ <https://pzpo.org.pl/aktualnosci/nadal-je%C5%BAdzisz-na-letnich-oponach.html>, access [14.03.2022]

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- „Bezpieczne Święta na porządnych oponach”¹⁰

Potential Development

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

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

The Children's University of Technology offers classes for primary school students, which include interactive lectures, covering such areas as: chemistry, physics, mathematics, construction, biology, aviation and all other areas related to the polytechnic industry. 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.

In 2021, due to the COVID-19 pandemic, the Children University's classes moved to the digital world. The organizers of the Technical Children University have prepared several types of meetings: lectures and online workshops available for registered users and the so called Academic Sundays available without restrictions. In 2021, 2 workshop meetings, 4 lectures online, 1 SPiNday online meeting - "Design Thinking or how to approach problems creatively" and "Academic Sunday" were held.

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 winter semester of 2021/2022, 177 children enrolled in online lectures, while 120 children from the Dębica powiat enrolled in the workshop. For comparison, in the winter semester 2020/2021, 176 children enrolled in online lectures, and 125 children attended workshops. On the other hand, in the summer semester 2019, 246 children participated in the classes, and in the winter semester 2019/2020, 255 children took part in the classes. In 2018, 236 children participated in the summer semester of DUT, and 240 children participated in the classes in the winter semester 2018/2019. The number of participants in all semesters has so far amounted to 3,672.

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

Pursuant to the Agreement signed 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 2021 (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.

- **Goodfest Music Festival**

¹⁰ <https://pzpo.org.pl/aktualnosci/bezpieczne-%C5%9Bwi%C4%99ta-na-porz%C4%85dnych-oponach.html>, access [14.03.2022]

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Due to sanitary restrictions caused by the 2020 and 2021 COVID-19 pandemic, it was not possible to organise the annual picnic for the city dwellers and Company associates.

In the previous years, Tire Company Dębica S.A. was the organizer of cyclic events for its associates and Dębica city dwellers. 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 the frontman 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.

- **Giving access to the "Universe" Community Centre in Dębica for the "Joy" Association of Parents and Friends of the Disabled.**

In October 2020 the Company decided to give access to the "Universe" Community Centre (owned by the Company) for the "Joy" Association of Parents and Friends of the Disabled. Guided by responsible approach and aiming at strengthening and development of local community, the Company decided to cooperate with the "Joy" Association - recognized public benefit organization operating in Dębica. The Association has proven by its achievements that it supports properly the most needy people. Thanks to the efforts of the Association members, the disabled become active members of the community, develop themselves by working for the benefit of all Dębica city dwellers.

The Association's objective is to create the most favourable conditions for the full physical and personal development of people with disabilities, both mental and motor, and to enable them to participate actively and with dignity in social life, as well as to assist their families.

The objectives of the "Joy" Association of Parents and Friends of the Disabled are attained through:

- Activities to meet the normal and special needs of people with disabilities in terms of care, treatment, including rehabilitation, education, work, sheltered housing, participation in culture and recreation, integration into the open environment, as well as social security and legal protection.
- Providing support and assistance to children with disabilities, and their parents
- Cooperation with governmental authorities, local government, the Catholic Church, social organizations, as well as institutions and individuals in the implementation of the statutory objectives of the Association.
- Providing education and training to parents and guardians of children with disabilities.
- Organizing member self-assistance to counteract feelings of resignation, loneliness and helplessness among disabled children and their families.
- Running information and awareness-raising campaigns, aiming at full integration of disabled children and their families into the society of non-disabled people and shaping mutual attitudes.
- Participation in charitable campaigns to help children with disabilities, as well as raising funds for the treatment, care, rehabilitation, and recreation of the aforementioned people.
- Setting up and running of the Occupational Therapy Workshops for people with disabilities.
- Supporting unemployed people with disabilities in their search for employment on the open labour market.
- Cooperation with local authorities, institutions, organizations and individuals in terms of funds raising for statutory activities.

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- Cooperation with the media in order to create a positive climate surrounding the organization, popularize the activities of the Association for the benefit of people with disabilities, bring the problems of its charges closer to the community of healthy people.¹¹

5.4.2.2. 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 - 2021

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;
- 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;
- securing 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.

¹¹ The Website of the "Joy" Association of Parents and Friends of the Disabled is at: <https://radosc.debica.pl/o-nas/>, accessed on 16 March 2021

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

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

The effects of application of the Company's policies and actions to this extent in 2017, 2018, 2019, 2020 and 2021

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 of the end of 2020, the data mentioned above was as follows:

As of 31 Dec. 2021	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	34	465	498	1	395	104
Men	129	2 403	2 531	1	2 344	188
Total	163	2 868	3 029	2	2 739	292

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As of 31 Dec. 2021	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	6,8%	93,2%	99,8%	0,2%	79,2%	20,8%
Men	5,1%	94,9%	100,0%	0,0%	92,6%	7,4%
Total	5,4%	94,6%	99,9%	0,1%	90,4%	9,6%

As of 31 Dec. 2020	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	9	481	490	0	386	104
Men	81	2,392	2,472	1	2,283	190
Total	90	2,873	2,962	1	2,669	294

As of 31 Dec. 2020	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	1.8%	98.2%	100.0%	0.0%	78.8%	21.2%
Men	3.3%	96.7%	100.0%	0.0%	92.3%	7.7%
Total	3.0%	97.0%	100.0%	0.0%	90.1%	9.9%

As of 31 Dec. 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

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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%

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:

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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

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

	Type of contract	Type of employment	Type of job
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As of 31 Dec. 2016	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 2021, Tire Company Dębica S.A. undertook many activities in the area of human resources management. Key activities included, inter alia, training courses and sessions for employees, which are planned on an annual basis. The training schedule is developed on the basis of:

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

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).

In December 2020, Tire Company Dębica S.A. put into operation a hands-on training room, equipped with model machines and other visual aids (e.g. model electrical systems), where new hires are trained in safe environment.

Tire Company Dębica S.A. monitors the implementation of the training forecast on a monthly basis. In 2021, there were 4,927 "training units", compared to 4,827 in 2020. In 2019, 6001 training units were carried out, in 2018: 5389 and 3,429 units in 2017. The "unit monitoring" indicator was adopted, because people taking participation in training sessions may be repeated. Tire Company Dębica S.A. has constant supervision over the number of training participants.

Employee benefits:

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

In 2021 Tire Company Dębica S.A. continued to provide 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).

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.

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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. As a result of the wage negotiations under the Corporate Collective Bargaining Agreement, held between the Company's management and the trade unions, it was agreed to increase the employer's contribution to the level of 4% in 2021.

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

5.4.2.3. Natural environment

Table of Contents:

- Environmental Protection Rules
- Company's environmental priorities
- Administrative bases and due diligence procedures
- The effects of application of the Company's policies and actions to this extent in 2018, 2019, 2020 and 2021.

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.

The Management Board of the Company is aware of the topics related to the impact of climate change. Currently, however, this issue does not have a significant impact on the financial statements, and its future effects on the Company's operations and business plans are difficult to predict. The Management Board will continue to monitor issues related to the impact of climate change on its operations and take appropriate action as the situation develops.

Company priorities with respect to the environment protection and working environment

The Company has the following priorities related to environmental¹² 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.

As part of these issues, plant employees operate in the so-called Subcommittees of the PEC Foundation (People Environmental Care) in the framework of Production Optimization. In 2021, DRA (Dynamic Risk

¹² Quality, Environmental and Energy Policies of T.C. Dębica S.A., May 2019.

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Assessment) Subcommittees were established at the Truck Tire Production department, the Subcommittee for Eliminating the Risk of Using Sharp Tools at the Mix Production and Preparation Department and the Ergonomics Subcommittee at the PD department.

Moreover, there were 2 subcommittees at the company level: Environment and SI-P Prevention (preventing serious accidents). There is a DOJO room training center in the plant, where one of the elements is occupational health and safety. There you can find training materials in the form of simulators of the most common threats occurring in the company and training videos about these threats. In 2021, all newly hired employees were trained there. The Company's employees are also constantly involved in projects aimed at improving safety.

Administrative bases and due diligence procedures

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

- A) 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
- 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

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(International Automotive Task Force¹³) no, 200561 issued by Bureau Veritas on 19 October 2018, valid through 18 October 2021. A recertification audit for the IATF 16949 standard was carried out in June 2021.

- ISO 14001: 2015 environmental management standard requiring continuous improvement in the activities of a given organization based on risks and opportunities, on the basis of which environmental goals, tasks and programs are built. The implementation of the standard was confirmed by the certificate no.BE012053 issued by Bureau Veritas on September 4, 2018, valid until September 3, 2024.
- Occupational Health and Safety Management System based on the ISO45001: 2018 standard, encompassing the overall management of this area in the Company and constituting a commitment to continuous improvement. The implementation of the Occupational Health and Safety Management System was confirmed by the certificate No. UK011118 issued by Bureau Veritas on January 3, 2022, valid until January 30, 2025.
- **ISO 50001**: 2011 standard for cost reduction, reduction of greenhouse gas emissions and enterprise energy efficiency. The implementation of the standard was confirmed by the certificate No. BEL-170040 / EnMS issued by Bureau Veritas on March 29, 2017 (the audit on the implementation of the standard was carried out on January 12, 2017), valid until March 28, 2023.

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

¹³ <https://www.iatfglobaloversight.org/about-iatf/>, accessed on 29 March 2021

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- 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 - 2021

Update of in-house regulations

In 2021 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:

Over the past years, Firma Oponiarska Dębica S.A. implements a program to reduce water consumption for social purposes by building employees' awareness of the protection of natural resources. The increase in water consumption in 2019 is due to the higher number of employees this year compared to 2017 and 2018. However, the increase in water consumption for social purposes in 2021 is related to the implementation of sanitary recommendations aimed at limiting the spread of SARS-CoV- virus. 2. Thanks to the increase in production efficiency, it was possible to reduce water consumption per tonne of product in 2021.

Table: Consumption of water for household use in 2016-2021 ('000 m³):

2016	2017	2018	2019	2020	2021
121	101	101	112	91	127

Table: Water in m³ per tonne of product in 2016-2021:

2016	2017	2018	2019	2020	2021
4.4	4.3	3.4	3.9	4.5	3,1

Environmental fees

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In 2018, due to the increase in fees for water and sewage and the new method of calculating them, environmental fees increased compared to 2017. In 2019, these fees were lower than in the previous year, in line with the production level and reflected this level also in the years 2020 and 2021.

Table: Environmental fee index per tonne of product in 2016-2021 (in PLN per tonne of product):

2016	2017	2018	2019	2020	2021
1.7	1.6	1.9	1.8	1.9	1,8

Air emissions

Tire Company Dębica S.A. aims to reduce the emission of pollutants from production processes. It ensures the effective operation of air protection devices, eliminates the consumption of gasoline, which is a source of volatile organic compounds, and implements projects aimed at optimizing heat consumption in the factory. The increase in carbon dioxide emissions in 2021 was due to the increase in the level of production as well as the increased operation of ventilation systems and regular airing of the rooms. This, in turn, resulted from the recommendations on reducing the risk associated with exposure to SARS-CoV-2 in the workplace, which in turn had an impact on increasing the demand for heat in all facilities and extending the heating period in order to protect the health of people working in the workplace in the broadest sense. factory during the COVID-19 epidemic.

Table: The volume of carbon dioxide emissions from the energy generating fuel combustion process in 2015-2021 ('000 tons):

2016	2017	2018	2019	2020	2021
34	34	35	35	34	39

Reduction of energy consumption

In 2021, the plant was operating at full production capacity. A number of projects were implemented to increase the plant's energy efficiency as part of the Energy Management System, which resulted in a reduction in electricity consumption by 1,200,000 kWh / year and natural gas consumption by 25,000Nm³ / year.

In 2020, there were production shutdowns related to the pandemic. During the weeks with a scheduled shutdown, all equipment was left in the so-called stand-by, i.e. the supply of all energy utilities was ensured, thus reducing the energy efficiency of the processes.

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 2021.

Table: Energy consumption index BTU/lb in 2016-2021:

2016	2017	2018	2019	2020	2021
6021	5871	4030	5853	6181	5848

Occupational safety

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Key Performance Indicators (KPIs) in the safety area calculated in 2021 include:

KPI	Value in 2021	Value in 2020	Value in 2019	Value in 2018	Value in 2017
Accidents (number of OSHA accidents + number of incidents when first aid had to be provided)	42	34	40	34	20
No. of irregularities left open after corporate audit	0	0	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 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).

5.4.2.4. 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 - 2021

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.

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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.

In 2021, the Management Board of Tire Company Dębica S.A. there were 4 men over 50 years of age. On the other hand, until September 2021, 8 men sat on the Supervisory Board of the Company, 4 of whom were in the age range from 30 to 50 years, and 4 were over 50 years of age. From September 2021, 7 men and 1 woman sit on the Supervisory Board of the Company.

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, 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:

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- 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.
- 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,,

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- 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 to this extent in 2017-2021

In 2021 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 2017-2021 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.
- Compliance week

On November 15-19, 2021, the Company organized a week devoted to issues of ethics and compliance (the so-called "Compliance Week"). As part of the activity, the following information sessions:

- "Guide to the Code of Professional Ethics"

Description of company procedures and systems designed to prevent legal risks. During the meeting, the key areas regulated by the Code of Professional Ethics were discussed.

- "Training in competition protection law"

Presentation of the key aspects of competition law that are important in everyday work.

- "Anti-corruption policy"

Information meeting on how to defend yourself against illegal practices and what needs to be done to avoid misconduct.

- 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. Each year, the visibility of information materials is monitored and replenished.
- 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" monthly No. 3/2017); giving distinctions to employees with long-term experience ("Half a century with a good brand" - "Oponowości" monthly No. 9/2017) and principles of mutual respect and understanding of diversity ("The Power of Diversity" - "Oponowości" monthly No. 12/2017). In 2018 a new article was published under the title of "Code of Professional Ethics after a face-lifting" – "Oponowości" monthly Nos. 9-11/2018 The magazine archival issues are available to each and every employee.

5.4.2.5. Anti-Corruption Activities

Table of Contents:

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- Company priorities concerning counteracting corruption
- Administrative bases and due diligence procedures concerning counteracting corruption
- The effects of application of the Company's policies and actions in this respect in 2017-2021

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.
- "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

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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.

5.5. Compliance with the European Union Taxonomy

In connection with the obligations arising from Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, regarding the disclosure of information on how and to what extent the company's activities are related to environmentally sustainable activities economic activity, the Company informs that the analysis of the business activities carried out by the Company allowed for the conclusion that the economic activities conducted by the Company constitute economic activities "not qualifying for taxonomy" in accordance with the definition of this term contained in the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

Therefore, in order to comply with the obligations arising from the Commission Delegated Regulation (EU) 2021/2178, including the obligation to provide qualitative information referred to in point 1.2 of Annex I to that Delegated Regulation, the Company only presents information on Total Key Performance Indicators (KPIs) for all business activities carried out by the Company, i.e. total turnover, capital expenditure and operating expenses of the Company.

Table 1 - Turnover

Activities that do not qualify for taxonomy	NACE codes		Turnover (absolute value)	Part of turnover
Turnover from activities that do not qualify for taxonomy	C.20.11	E.38.12	2 342 828 k PLN	100%
	C.22.11	G.45.20		
	C.22.19	G.45.31		
	C.26.20	H.49.31		
	C.26.30	H.53.20		
	C.28.96	L.68.20		
	C.33.12	M.74.90		
	D.35.13	N.77.11		
	D.35.30	N.77.33		
	E.36.00	N.77.40		
	E.38.11	S.96.01		

Table 2 - Capital expenditure (CapEx)

Activities that do not qualify for taxonomy	NACE codes		Capital expenditure in absolute terms	Percentage of CapEx
Turnover from activities that do not qualify for taxonomy	C.20.11	E.38.12	100 162 k PLN	100%
	C.22.11	G.45.20		
	C.22.19	G.45.31		
	C.26.20	H.49.31		
	C.26.30	H.53.20		
	C.28.96	L.68.20		
	C.33.12	M.74.90		
	D.35.13	N.77.11		
	D.35.30	N.77.33		
	E.36.00	N.77.40		
	E.38.11	N.77.40		

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		S.96.01		
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Table 3 - Operating expenses (OpEx)

Activities that do not qualify for taxonomy	NACE codes		Operating expenditure in absolute terms	Percentage of OpEx
Turnover from activities that do not qualify for taxonomy	C.20.11	E.38.12	2 004 289 tys. zł	100%
	C.22.11	G.45.20		
	C.22.19	G.45.31		
	C.26.20	H.49.31		
	C.26.30	H.53.20		
	C.28.96	L.68.20		
	C.33.12	M.74.90		
	D.35.13	N.77.11		
	D.35.30	N.77.33		
	E.36.00	N.77.40		
	E.38.11	S.96.01		

The Management Board of the Company is aware of the topics related to the impact of climate change. Currently, however, this issue does not have a significant impact on the financial statements, and its future effects on the Company's operations and business plans are difficult to predict. The Management Board will continue to monitor issues related to the impact of climate change on its operations and take appropriate action as the situation develops.

5.6. 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.

6. Other information.

A)

In 2021 the value of transactions with related entities that belong to Goodyear concerning the sales of products, goods and services totalled PLN 2,078.1 million, and concerning the disposal of fixed assets - PLN 1.6 million.

The value of purchase transactions totalled PLN 960.5 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 2021 the liabilities related to the overdraft facilities totalled zero.

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In 2021, overdraft facility contracts with three banks were in force for the total amount of maximum PLN 145 million

DETAILS OF EXTENDED OVERDRAFT FACILITIES					
Name of entity (company) including legal status	Credit /loan amount under Agreement ('000 PLN)	Currency	Terms of payment	Maturity date interest rate	Securities & collaterals
BANK PEKAO S.A.	60,000	PLN	WIBOR 1M + 1.30%	31 Oct. 2023	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 + 1.00%	30 Sept. 2022	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 + 1.60%	30 Sept. 2021	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 2021 the Company extended four short-term loans to Goodyear S.A. with its registered office in Luxembourg. See the following table for 2021 settlement details concerning loans extended to Goodyear S.A:

Agreement date	13.12.2019	13.12.2019	26.06.2020	25.09.2020	11.12.2020	15.12.2020
maturity date (loan repayment)	03.03.2020	11.12.2020	25.06.2021	24.09.2021	10.12.2021	26.02.2021
contractual compensation	WIBOR1R + 0,45%					
loan amount ('000 PLN)	25 000	105 000	115 000	120 000	105 000	60 000
Interest received in 2021 ('000 PLN)	3	10	229	356	542	41
Interest received in 2021 related 2016-2020 according to special agreement ('000 PLN)	0	10	228	342	296	42
principal of the loans as of 31.12.2021 ('000 PLN)	0	0	0	0	0	0
interest accrued as of 31.12.2021 ('000 PLN)	0	0	0	0	80	0

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Agreement date	25.06.2021	06.09.2021	08.12.2021	08.12.2021	28.10.2021	Razem
maturity date (loan repayment)	24.06.2022	23.09.2022	09.12.2022	01.02.2022		
contractual compensation	WIBOR1R + 0,45%					
loan amount ('000 PLN)	175 000	120 000	105 000	100 000		
Interest received in 2021 ('000 PLN)	572	283	0	0		2 036
Interest received in 2021 related 2016-2020 according to special agreement ('000 PLN)	163	0	0	0	3 594	4 675
principal of the loans as of 31.12.2021 ('000 PLN)	175 000	120 000	105 000	100 000	0	500 000
interest accrued as of 31.12.2021 ('000 PLN)	458	314	195	135	0	1 181

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 2021 the Company did not invest into any securities, financial instruments nor real properties.

D)

The Company did not announce publicly the financial forecast for 2021.

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. 16/2021, 21/2021, 24/2021.

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

F)

In 2021 no changes were made in the fundamental rules for company management.

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G)

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

Remuneration ('000 PLN)	2021	2020
I. Paid or due remuneration to the persons who are members of management bodies, including:	3 892,3	3,610.90
1. Remuneration		
Leszek Szafran - President of the Management Board	1 164,1	1,139.20
Ireneusz Maksymiuk - A Management Board member	872,7	813.40
Michał Mędrek - A Management Board Member	605.6	573.00
Mirosław Maziarka - A Management Board Member *	1 249,9	1 085.30
II. Paid or due remuneration to the persons who are members of supervisory bodies, including:	603.70	506.10
1. Remuneration		
Maciej Mataczyński - An Independent Supervisory Board Member	0.00	102.70
Łukasz Rędziniak - An Independent Supervisory Board Member	149.40	135.60
Janusz Raś - A Supervisory Board Member	137.40	36.00
Andrzej Kowal - An Independent Supervisory Board Member	168.80	135.30
Krzysztof Mika - A Supervisory Board Member	0.00	96.50
Agnieszka Modras - An Independent Supervisory Board Member	35.60	0.00
Marek Piekoś - A Supervisory Board Member	112.50	0.00
TOTAL	6,133.40	4,117.00

* Costs incurred by the Company based on invoices received for compensation in connection with the employment by Goodyear SA Luxembourg

H)

As at the date of submitting the periodic report, none of the persons managing and supervising the Company held Company shares or rights to them.

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 2021 no acquisition, nor disposal of own shares/interest took place.

L)

Significant court proceedings in 2021:

In 2021, there were no significant pending court proceedings

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

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

Ireneusz Maksymiuk Member of the Management Board, Chief Financial Officer (CFO)

Anna Winiarska-Miśkowiec Member of the Management Board, General Counsel

Mirosław Maziarka Member of the Management Board, Chief Production Officer (CPO)