

MANAGEMENT BOARD'S REPORT ON THE OPERATIONS OF TIRE COMPANY DĘBICA S.A. IN 2022



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

Table of Contents

A letter of the President of the Management Board	5
Comments on the financial performance.....	7
1.1. Net sales income and financial position.....	7
1.2. Sales in value terms broken down by domestic market and exports	9
1.3. Share of product groups in total sales.....	9
1.4. Investments and expected growth.....	9
1.5. Situation in tire business	11
2. Financial risk management	12
2.1. Credit risk.....	12
2.2. Liquidity risk.....	12
2.3. Foreign exchange risk	12
2.4. Interest rate risk	12
2.5. Market risk.....	13
2.6. Risk of manufacturing activities disruption.....	13
2.6.1. Risks related to the influence of the political and economic situation in Ukraine	13
2.6.2. Risk related to the COVID-19 epidemic threat	13
3. Impact of the COVID-19 epidemic threat and the war in Ukraine on the Company's operations in 2022.	13
3.1. Ensuring business continuity	13
3.2. Securing of the Company's long-term financial stability.....	14
3.3. Continuing sales and distribution activities	15
4. Corporate Governance	15
4.1. A set of corporate governance rules	15
4.2. Best Practice for the WSE Listed Companies 2021.....	15
4.2.1. Information on abandoning the application of the "Best Practice for the WSE Listed Companies 2021"	15
4.3. Shares and shareholding structure	20
4.3.1. Shareholding structure and changes.....	20
4.3.2. Special control rights and restrictions on voting rights and the assignment of rights.....	21
attached to securities	21
4.3.3. Dividend.....	21
4.4. Articles of Association and statutory authorities	21
4.4.1 Amendments to the Articles of Association.....	21

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

4.4.2. Management Board.....	22
4.4.3. Supervisory Board	23
4.4.4. Operational principles of the General Meeting of Shareholders, its basic powers,	28
shareholders' rights and procedure for exercising their rights.....	28
4.4.5. Appointment of an audit firm	30
4.4.6. Internal control and risk management systems in relation to the processes of financial ..	30
statement preparation	30
4.4.7. Diversity Policy	30
5. Statement on non-financial information	31
5.1. Concise description of the business model of Tire Company Dębica S.A.	31
5.1.1. Operations and business environment	31
5.1.1.1 Company's core activity	31
5.1.1.2 Corporate organisation and structure.....	31
5.1.1.3 Product description	31
5.1.1.4. Description of tire business and Company markets.....	33
5.1.1.5 Major trends and drivers of tire business and Company growth.....	33
5.1.2.1. Value chain	35
5.1.2.2. Breakdown of Tire Company Dębica S.A. operations.....	36
5.1.2.3. Product manufacturing and sales processes.....	37
5.1.3. Other information	38
5.2. Management of risk types related to the Company's activity, having impact on nonfinancial aspects.....	38
5.2.1. Description of management of risk types related to the Company's activity, having impact on non-financial aspects.....	38
5.2.2. Description of the management of relations with individual groups of stakeholders	40
5.3. Non-financial Key Performance Indicators (KPIs) related to the operations of Tire Company Dębica S.A.....	42
5.4. Description of individual policies, due diligence procedures and results of their application	42
5.4.1. General assumptions behind the Company's activity in the area of sustainable development	42
5.4.2. Description of the policies and due diligence procedures applied by the Company with.. regard to:.....	43
5.4.2.1. Social issues	43
5.4.2.2. Employee issues	47
5.4.2.3. Natural environment.....	55

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

5.4.2.4. Respect for human rights and diversity management	61
5.4.2.5. Anti-Corruption Activities.....	64
5.5. Compliance with the European Union Taxonomy.....	65
5.6. Rules used to prepare this Statement on non-financial data.....	67
6. Other information.....	67

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

A letter of the President of the Management Board

Dear Sirs,

Dear Shareholders,

The year 2022, despite numerous challenges and a more difficult economic environment, was a successful year for Tire Company Dębica S.A. We generated solid results and maintained a leading position in the tire industry, achieving sales revenues of PLN 3 278,0 million, which were higher by 39,9% compared to revenues generated in 2021.

Inflationary pressure and rapidly growing costs of raw materials and production have been a significant challenge for us, but despite these challenges and constantly growing competition, we generated a solid net profit, which amounted to PLN 72,6 million. Thanks to the right strategy, responsible financial policy, flexibility in action and efficient management, it was another year in a row that the Company ended in a good and stable condition.

Tires that depart from Dębica plant have incessantly been appreciated by drivers. Their high quality and attractive value for money is appreciated even more during a period when consumers are forced to look for savings in their home budgets. Our offer grows every year with new models and sizes, while maintaining the highest quality standards. Our wide product portfolio filled with respected brands - such as Goodyear, Dunlop, Fulda, Sava and of course the native Dębica - allows us to effectively meet the needs of both the replacement market, as well as original equipment of leading automotive brands. Truck tires also remain an integral part of our production, responding to the high demands of our partners who are the foundation of European road transport and logistics.

In 2022, we promoted the diversity of our offerings, encouraging partners to take advantage of the versatility and breadth of our product portfolio. Following the increase in all-season tires market, together with our sales partners we consistently promote our flagship products in this category, such as the Goodyear Vector4Seasons Gen-3 or Dębica Navigator 3. Of course, in parallel, we continue to develop a wide range of summer and winter tires. As in previous years, many of our tires have been awarded positive feedback in 2022 in independent tests and comments.

Another year in a row, we also enjoy top ranks in the "Golden Hundred of Subcarpathian Companies" list. We gained a leading position in terms of capital expenditures, became the vice-leader of exports and took fourth place in the main ranking of the largest enterprises in the region. We also remain in the top five companies of Podkarpackie by stock market capitalization.

We are also pleased that the Company's employees are still actively involved in volunteering activities. In 2022, our employees realized further volunteering projects supporting the local community, such as workshops for safety in mobility for children. The Company continued also supporting Children's Technical University in Dębica, inspiring young school students in choosing a future career path.

In addition, the employees of our factory showed extraordinary commitment in helping war refugees from Ukraine. The company supported the Dębica City Hall in organizing donations of aid and was financing hot meals for those fleeing the war. Unfortunately, at the time of submission of this report, the war in Ukraine continues. Together with partners and with the participation of our employees, we continue our efforts to support those affected by these tragic events, and from a business perspective, we continue to closely monitor all relevant variables that may affect our performance.

Yours truly,

Leszek Szafran,

The President of the Management Board

2022 Management Board Report on Company Operations

Financial Highlights

Financial Highlights	PLN		EUR	
	2022	2021	2022	2021
Net sales of products, merchandise and materials	3 277 965	2 342 828	699 180	511 814
Operating profit /loss	78 571	50 880	16 759	11 115
Gross profit /loss	91 610	54 800	19 540	11 972
Net profit /loss	72 597	42 679	15 485	9 324
Operational cash flows, net	186 033	219 014	39 680	47 846
Investment activity cash flows, net	-192 283	-190 762	-41 013	-41 674
Financial activity cash flows, net	-37 037	-55 156	-7 900	-12 049
Total cash flows, net	-43 287	-26 904	-9 233	-5 877
Total assets	2 214 744	1 980 569	472 237	430 615
Liabilities and provisions for liabilities	1 013 125	819 525	216 023	178 181
Long-term liabilities	5 222	3 449	1 113	750
Short-term liabilities	896 797	708 234	191 219	153 984
Shareholders' equity	1 201 619	1 161 044	256 214	252 434
Share capital	110 422	110 422	23 545	24 008
Number of shares (pcs.)	13 802 750	13 802 750	13 802 750	13 802 750
Earnings/loss per ordinary share (in PLN/EUR)	5,26	3,09	1,12	0,68
Diluted earnings/loss per ordinary share (in PLN/EUR)	5,26	3,09	1,12	0,68
Book value per share (in PLN/EUR)	87,06	84,12	18,56	18,29
Diluted book value per share (in PLN/EUR)	87,06	84,12	18,56	18,29
Declared or paid dividend per share (in PLN/EUR)	2,32	3,72	0,49	0,82

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Comments on the financial performance

1.1. Net sales income and financial position

Net sales income:

In 2022, sales revenues amounted to PLN 3 278,0 million and were higher by 39,9% compared to sales revenues achieved in 2021.

The sale of Tire Company Dębica S.A. to related entities in 2022 generated revenues of PLN 2 921,6 million compared to PLN 2 078,1 million in the previous year. This is an increase of PLN 843,5 million and 40,6% year-on-year. Sales to Goodyear Group entities for 2022 accounted for 89,1% of total sales compared to 88,7% in the previous year. Revenues from sales to unrelated parties amounted to PLN 356,4 million and increased by 34,6% y/y.

The gross profit margin on sales to related parties in relation to revenues in 2022 was 2,7% compared to 1,7% in 2021. The gross profit margin on sales to unrelated parties in relation to revenue decreased from 15,6% in 2021 to 7,5% in 2022.

Total gross profit on sales for 2022 amounted to PLN 106,5 million and was higher by 37,6% compared to 2021.

Financial position:

Unit production costs for the four quarters of 2022 were higher by 33,8% compared to the same period of the previous year. The increase is mainly due to an increase in the prices of direct materials by 44,2% compared to 2021, with the largest price increase recorded in the group of synthetic rubbers and carbon black. On the other hand, unit processing costs in 2022 were higher by 14,3% compared to 2021 due to the increase in utility prices (gas: 320% and electricity: 145%), as well as the impact of inflation on the prices of spare parts and consumables.

Sales and general administrative expenses for 2022 amounted to PLN 26,7 million compared to PLN 24,4 million in the previous year. The share of these costs in the value of sales revenues decreased from 1,0% in 2021 to 0,8% in 2022.

The result on other operating activities in 2022 was an expense of PLN 1,2 million compared to a cost of PLN 2,1 million in 2021.

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

- a) obtaining a profit on the sale of fixed assets in the amount of PLN 0,4 million, while in the previous year this profit amounted to PLN 0,2 million;
- b) creation of a provision for restructuring in the amount of PLN 0,7 million, while in 2021 such provision amounted to PLN 1,1 million;
- c) no costs of bad debts, which last year were a cost of PLN 0,6 million;
- d) other operating expenses, which amounted to PLN 0,9 million and were PLN 0,3 million higher than in the corresponding period of the previous year.

Operating profit for 2022 amounted to PLN 78,6 million compared to PLN 50,9 million in the previous year. This is PLN 27,7 million and 54,4% more y/y. Margin at this level in relation to revenues increased to 2,4% from 2,2% last year.

Financial activities in 2022 generated a profit of PLN 13,0 million compared to a profit of PLN 3,9 million in the previous year.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Interest on loans granted to related parties generated revenue of PLN 29,7 million, PLN 21,9 million higher than in 2021.

In 2022, financial income on free cash was generated in the amount of PLN 2,4 million, while in the previous year no such income was recorded.

Costs of bill of exchange discounting and other interest amounted to PLN 5,0 million, i.e. 3,1 million more than in the previous year.

Foreign exchange rate differences generated a cost of PLN 14,1 million, while in the previous year this cost amounted to PLN 2,0 million.

In 2022 pre-tax profit amounted to PLN 91,6 million, this is PLN 36,8 million more than in previous year.

The current part of income tax amounted to PLN 14,5 million. The deferred part of income tax amounted to PLN 4,5 million. Thus, the total income tax amounted to PLN 19,0 million.

The effective tax rate for 2022 was 20,7%.

In 2022, Tire Company Dębica S.A. generated a net profit of PLN 72,6 million, compared to PLN 42,7 million for 2021. This is 70,0% more.

At the end of December 2022, non-current assets amounted to PLN 830,6 million and increased by PLN 41,0 million during the year. Intangible assets amounted to PLN 7,0 million. Property, plant and equipment increased by PLN 33,0 million compared to December 31, 2021 and amounts to PLN 802,9 million. Capital expenditures for 2022 amounted to PLN 127,3 million, and depreciation of existing fixed assets amounted to PLN 96,6 million. Deferred income tax assets amounted to PLN 20,6 million compared to PLN 19,6 million as of December 31, 2021.

Current assets amounted to PLN 1 384,1 million and increased by PLN 193,1 million in the four quarters of 2022. Short-term receivables amounted to PLN 583,5 million and increased by PLN 143,3 million (including: receivables from related parties increased by PLN 157,0 million, receivables from other entities decreased by PLN 13,8 million). As at the balance sheet date of December 31, 2022, inventories decreased by PLN 6,8 million to PLN 131,2 million.

Short-term financial assets increased in 2022 by PLN 56,7 million and amounted to PLN 667,0 million. The value of loans granted to related parties amounted to PLN 600,0 million, an increase of PLN 100,0 million compared to December 31, 2021, cash on bank accounts decreased by PLN 43,3 million.

Short-term prepayments remained at the same level and as at the balance sheet date of December 31, 2022 amount to PLN 2,4 million.

As of December 31, 2022 the Company's assets amounted to PLN 2 214,7 million and increased by PLN 234,1 million over four quarters.

As of December 31, 2022, liabilities and provisions for liabilities amounted to PLN 1 013,2 million and increased by PLN 193,6 million during 2022. Provisions for liabilities increased by PLN 3,3 million, mainly in the deferred tax liabilities item, which increased by PLN 5,5 million.

Short-term liabilities increased by PLN 188,6 million, of which liabilities to related parties decreased by PLN 3,8 million, and liabilities to other entities increased by PLN 192,0 million, while special funds increased by PLN 0,4 million.

At the end of December 2022, the Company's equity amounted to PLN 1 201,6 million and increased by PLN 40,6 million compared to the same period last year. There was an increase in reserve capital by PLN 10,7 million, i.e. by 25% of the profit generated for 2021. The net profit of the current year is higher than the profit from 2021 by PLN 29,9 million.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

In 2022, The Company has fulfilled its obligations on an ongoing basis and as at the date of the financial statements for 2022, no significant threats have been identified in the timely fulfillment of liabilities in the future.

Financial instruments

As of the end of 2022, the company had financial assets available for sale, i.e. shares in third party entities worth PLN 101 thousand.

In 2022, the Company granted five short-term loans to Goodyear S.A. with its registered office in Luxembourg with a total value of PLN 600 million.

The company did not have any financial liabilities at the end of 2022.

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

In 2022, the Company's sales value amounted to PLN 3 278,0 million and was higher by PLN 935,2 million compared to 2021. PLN (i.e. by 39,9%). Sales to foreign markets amounted to PLN 2 921,7 million and accounted for 89,1% of the total sales value, including 97,6% sales to Goodyear based in Luxembourg. The value of sales on the domestic market amounted to 10.9% of total sales revenues.

In 2021, sales to foreign markets accounted for 88.7% and for the domestic market for 11.3% of the total sales value.

1.3. Share of product groups in total sales

Tire Company Dębica S.A. is a manufacturer of tires for passenger cars, vans and trucks. It offers a wide range of products tailored to the diverse needs of customers, 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	17 060	3 002 555	91,6%	3,3%	41,9%
Other sales		275 409	8,4%		21,7%
Total	17 060	3 277 965	100,0%	3,3%	39,9%

1.4. Investments and expected growth

Capital expenditures in 2022 amounted to PLN 127 279 thousand 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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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 2022 allowed to continue the strategy of sustainable business growth paralleled by brand development. In 2023 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 2023.

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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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

European market: According to data from the European Tire and Rubber Manufacturers Association (ETRMA), 2022 was characterized by two contrasting half-year results for European tire manufacturers. A positive trend was observed in the first six months in the passenger car tire segment with +7,4% year-on-year growth and +10,3% for truck and bus tires. The second half of the year was full of challenges and showed a halt in the upward trend. Overall, on an annual basis, the replacement market in the passenger tire segment recorded a decline of 2%, while the truck and bus tire segment increased slightly by +1%, despite a sharp decline of 8.2% in the second half of the year. For OEM tires, year-end results are more positive, with sales of passenger car tires up +3,4% and +4,7% for trucks and buses.¹

Polish market: On the Polish replacement market, sales of passenger car tires according to ETRMA data fell in 2022 by 4%, delivery vehicles – also by 4%. Growth was recorded in the SUV and ultra-high performance tires segment by around 8%. In the truck tires segment, sales remained unchanged (0%).²

SPRZEDAŻ OPON W POLSCE 2022		
OPONY	ZMIANA %	ZMIANA % v. 2020
 OSOBOWE (W TYM SUVY I DOSTAWCZE)	-4% ↓	+30%
 NIE-SUV	-5% ↓	+26%
 SUV	+8% ↑	+41%
 LEKKIE DOSTAWCZE	-4% ↓	+47%
 CIĘŻAROWE	0%	+13%
 ROLNICZE	-17% ↓	+9%
 MOTOCYKLOWE	+4,8% ↑	+6%
 PRZEMYSŁOWE	-11% ↓	+100%

DANE: PZPO, ETRMA



Source: <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-2022-roku.html>

An important factor influencing the demand for tires is the production of new cars. This industry has been affected by the COVID-19 pandemic. For the whole of 2022, the passenger car market in the

¹Source: <https://www.etrma.org/news/etrma-members-tyre-sales-in-europe-replacement-tyre-market-figures-show-a-mixed-picture-for-2022-with-sales-impacted-by-a-challenging-second-half-of-the-year/>, accessed 16.02.2023

² <https://pzpo.org.pl/aktualnosci/sprzeda%C5%BC-opon-w-2022-roku.html> accessed: 14.03.2023

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

European Union shrank by 4,6%. Although the market situation improved from August to December 2022, the cumulative volume of 9,3 million units marks the lowest level in the region since 1993, when 9,2 million units were registered. The reason for the volatility of the automotive market is mainly turbulence in the supply chain, which results in extended delivery time of new cars and limited offer and the progressive economic slowdown.³

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 "2022 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 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 2022, overdraft agreements for a total amount of PLN 145 million were in force. The utilization of these loans as of December 31, 2022 was zero. The company maintained liquidity and stability of financing. The Company did not incur significant interest expenses, therefore, in the opinion of the

³ <https://www.pzpm.org.pl/pl/Rynek-motoryzacyjny/EUROPA/PZPM-ACEA-Rejestracje-samochodow-osobowych-w-UE/PZPM-ACEA-Wyniki-rejestracji-SO-w-Europie-GRUDZIEN-2022> , accessed 09.03.2023

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Management Board, the risk associated with interest rate volatility 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 2022, 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. Risks 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 operations 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 production at the Dębica plant are sourced from the conflict-affected area, but the Company is working with Goodyear's purchasing centers on an ongoing basis to reduce the risk of raw material unavailability and provide alternative sources of supply.

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

2.6.2. Risk related to the COVID-19 epidemic threat

Due to the epidemic threat of COVID-19 virus and the impact on employee safety, the Company is monitoring the impact of the situation on the production operations of its tire plant in Debica. The Company's management monitors and analyzes the epidemiological situation in the country and the Subcarpathian region on an ongoing basis, as well as monitors the level of orders from its strategic customer, the Goodyear Group.

3. Impact of the COVID-19 epidemic threat and the war in Ukraine on the Company's operations in 2022.

Since the beginning of the COVID-19 pandemic and the outbreak of the war in Ukraine, the Management Board has been monitoring the impact of these crises on the financial, business and operational aspects of the Company and makes adequate decisions to ensure business continuity and a safe and stable situation of the Company. The scale of the Company's operating activity is and will be adjusted to the current market situation.

3.1. Ensuring business continuity

(a) Business continuity team.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

The Company has a business continuity team consisting of representatives of key functions, which in regular meetings develops activities to ensure the continuity of the Company's operations based on existing corporate procedures. The team reports its activities to the Company's Management Board.

b) Ensuring personnel safety.

With the spread of coronavirus in Europe, the Company has taken measures to ensure the safety of its employees. A restriction on business travel and the number of visits to the production plant was introduced, and employees received instructions on how to maintain hygiene rules at the plant and in interpersonal contacts. The availability of disinfectants and protective equipment has been increased on the site, and employees whose work can be carried out without the need for physical presence in the company can work remotely.

c) Tire making constraints

In 2022. The company did not record any production disruptions resulting from disruptions in supply chains around the world.

d) Monitoring of the market situation

The company monitors the market situation and the level of orders on an ongoing basis in order to adapt its operations to the dynamically changing market situation.

e) Monitoring the supply chain of materials and services.

The company monitors the supply of strategic raw materials and other materials and services necessary to ensure the continuity of production.

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

a) Protection of financial liquidity

The Management Board monitors the Company's financial liquidity on an ongoing basis. The current responsible financial policy of the Company has a positive impact on the current cash situation 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-law obligations without interruption.

b) Monitoring of loans

As at the balance sheet date of December 31, 2022, the balance of loans to Goodyear amounted to PLN 600 million, however, the Company reminds that under the loan agreements, Goodyear SA provides a guarantee of immediate repayment ahead of schedule, in a situation where the company requests it. Therefore, capital is not "frozen" and can be used at any time when the need arises, 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

3.3. Continuing sales and distribution activities

The company continued its sales and distribution activities. In the opinion of the Management Board, data for 2022 should not be treated as a source of guidance or forecasts with respect to the Company's results in subsequent periods due to dynamically changing business circumstances, including increased level of market uncertainty, the level of inflation and their impact on the economy, industry, business partners of the Company and consumer behavior, as well as disruptions in the supply chain caused by the outbreak of war in Ukraine.

4. Corporate Governance

4.1. A set of corporate governance rules

The Management Board of the Company declares that Tire Company Dębica S.A. applies the corporate governance principles contained in the "Best Practices of WSE Listed Companies 2021", which were adopted by Resolution No. 13/1834/2021 of March 29, 2021 and entered into force on July 1, 2021.

On 29 July 2021, the Company published and WSE information on the Company's application of the recommendations and principles contained in the "Code of Best Practice for WSE Listed Companies 2021", including information on non-application of selected corporate governance principles along with the justification for the withdrawal.

The Company's statements on the state of application of the "Best Practices of WSE Listed Companies 2021" are posted 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 corporate governance principles contained in this document and the role 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 2021

4.2.1. 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;

2022 Management Board Report on Company Operations

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).

- **1.3.2.** 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

2022 Management Board Report on Company Operations

broadly - the Subcarpathian 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 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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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.

- **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 in 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- **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;

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 program for managers, the implementation of the stock option program should depend on the beneficiaries' achievement, over a period of at least three years, of predefined, realistic financial and nonfinancial 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 program 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.⁴

Changes in shareholding structure in 2022:

The Company received a notification pursuant to Article 69(1)(1) in conjunction with Article 87(1)(5) and (6) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies regarding the conclusion on 7 March 2023 of an agreement between:

- FRAM Fundusz Inwestycyjny Zamknięty with its registered office in Warsaw,
- Lemuria Partners Sicav P.L.C with its registered office in Malta,
- Otwarty Fundusz Emerytalny Nationale–Nederlanden represented by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. with its registered office in Warsaw,
- PKO BP Bankowy Otwarty Fundusz Emerytalny represented by PKO BP BANKOWY Powszechnie Towarzystwo Emerytalne S.A. with its registered office in Warsaw.

⁴ Source: Current report no. 17/2019; Receipt of notification from Goodyear group companies of a change in the shareholding of the company in connection with a transaction concluded on a regulated market, date of publication: 19.06.2019

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

The parties to the Agreement jointly hold 895 997 shares in the Company, entitling to 895 997 votes at the general meeting of the Company, which corresponds to 6,49% of the total number of votes in the Company.

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.

4.3.3. Dividend

On June 30, 2022 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 2021 in the amount of PLN 42 678 782,57 (in words: forty two millions six hundred seventy-eight thousand seven hundred and eighty-two zlotys 57/100) as follows:

1. the amount of PLN 32 022 380,00 (in words: thirty two million twenty-two thousand three hundred and eighty zlotys 00/100) shall be allocated to the shareholders for the payment of PLN 2,32 per share, setting 21 September 2022 as the date of acquisition of dividend rights (dividend date) and the date of 20 December 2022 as the dividend payment date - due to the seasonal nature of the Company's business;
2. the amount of PLN 10 656 402,57 (in words: ten million six hundred fifty-six thousand four hundred and two zlotys 57/100) to be allocated to 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.

In 2022, there were no changes in the Company's Articles of Association.

The consolidated text of the Company's Articles of Association is available on the Company's website at https://debica.com.pl/relacje-inwestorskie/lad_korporacyjny.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 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 21st term of office (as of December 31, 2022)

Management Board:

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	Member of the Management Board
Anna Winiarska-Miśkowiec	Member of the Management Board
Marko Nahtigal	Member of the Management Board

Changes in the composition of the Management Board:

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- February 21, 2022 The Company received information about the resignation of Mr. Michał Mędrek from the position of Member of the Management Board of the Company as of February 24, 2022, about which it informed in current report No. 2/2022 of February 24, 2022.
- On 3 March 2022, the Company's Supervisory Board adopted a resolution to appoint Ms. Anna Winiarska-Miśkowiec as a Member of the Company's Management Board. The resolution entered into force on the date of its adoption, of which the Company informed in current report No. 3/2022 of March 3, 2022.
- April 29, 2022 The Company received information about the resignation of Mr. Mirosław Maziarka from the position of Member of the Management Board of the Company as of April 29, 2022, about which it informed in current report No. 6/2022 of April 29, 2022.
- On April 29, 2022, the Supervisory Board of the Company adopted a resolution to appoint Mr. Marko Nahtigal as a Member of the Company's Management Board. The resolution entered into force on the date of its adoption, of which the Company informed in current report No. 7/2022 of April 29, 2022.

Management Board composition during its 21st term of office (current as at the date of publication of the annual report)

Management Board:

Leszek Szafran	President of the Management Board
Ireneusz Maksymiuk	Member of the Management Board
Anna Winiarska-Miśkowiec	Member of the Management Board
Marko Nahtigal	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 endeavors.

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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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, subject to the provisions of art. 393 points 3 and 4 of the Commercial Companies Code;
- approve the performance of other legal actions, which may be of binding force, or may enable the management the Company's fixed assets, including the acquisition or disposal of real estate, if the value of a single legal action should exceed the PLN equivalent of US\$ 500,000 (in words: five hundred thousand US dollars) or in the case of interconnected actions executed within consecutive 12 months and exceeding the PLN equivalent of US\$ 1,000,000 (in words: one million US dollars), the concluding of management contracts, joint investment contracts, license contracts or long-term co-operation contracts and the establishment of patent companies;
- approve the pledging of the Company's assets with a value exceeding the PLN equivalent of US\$ 1,000,000 (that is: one million US dollars), or the extension of a guarantee amounting to the same sum, for a term of 12 consecutive months;
- establish the remuneration for Supervisory Board members who have temporarily been assigned to perform the functions of Management Board members;
- written opinions on motions submitted to the General Meeting of Shareholders concerning the matters covered in Article 26, par. 1 of the Company's 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;

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

2022 Management Board Report on Company Operations

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 30 June 2022 the General Meeting of Shareholders adopted a resolution on the appointment of the following persons to the Supervisory Board:

Supervisory Board:

Jacek Pryczek	Janusz Raś
François Colin de Verdière	Lourens Roets
Vincent Ganier	Michaël De Schrijver
Agnieszka Modras	Andrzej Kowal

Pursuant to §14 of the Company's Articles of Association, the Company's personnel, in the elections held in the Company, elected Mr. Janusz Raś as a member of the Supervisory Board in the term of office beginning on 30 June 2022. Pursuant to §14 section 1 of the Company's Articles of Association, members of the Supervisory Board are appointed for a joint term of office.

On 8 September 2022, at its first meeting, the Company's Supervisory Board was constituted.

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.

The Supervisory Board composition as of 31 December 2022 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

Janusz Raś - 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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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;
- 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 2022 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 2021.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Agnieszka Modras – Członkini Komitetu Audytu

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, 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 2023, the director of the legal & compliance department at PayPo sp. z o.o. and the owner of the Lexpert law firm Agnieszka Modras. 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 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 – Członek Komitetu Audytu

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 between 2017 and 2022 he was the Financial Controller for this region. In 2023 he took the position of Director of Finance Transformation also in the EMEA region.

In 2022, 5 meetings of the Audit Committee were held.

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 is convened through an announcement made on the Company's Website www.debica.com.pl 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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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;
- 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 2022:

- The Ordinary General Meeting of Shareholders was held on 30 June 2022.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

4.4.5. Appointment of an audit firm

On 30.01.2023, an Annex to the agreement of 12.08.2021 was concluded. PricewaterhouseCoopers Polska limited liability company Audyt sp.k. with its registered office in Warsaw, Polna 11, for the audit and review of the Company's financial statements for 2022.

According to the concluded agreement, the remuneration due for the audit and review of the financial statements for 2022 is PLN 317,000 (2021: PLN 302,000).

In addition, in 2022, the auditor provided the service of assessing the Supervisory Board's Report on the remuneration of members of the Management Board and members of the Supervisory Board for 2021, based on the engagement letter of 29 March 2022. The remuneration for the service amounted to PLN 20,000.

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 2022, 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.

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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 87,251% of the Company's shareholders' equity through Goodyear S.A. with its registered office in Luxembourg.

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

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

Goodyear S.A. is controlling the Company indirectly and through Goodyear Holdings S.à.r.l. with its registered office in Colmar-Berg, Luxembourg it holds indirectly 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, 2022, the Company employed 3 059 employees.

As at December 31, 2021, the Company employed 3,031 employees.

In 2020 it was 2 963 employees, in 2019 - 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,

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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 2022, the Company manufactured over 276 thousand bladders in 172 product ranges. These included bladders for the manufacture of tires for: motorcycles, planes, passenger cars, farming vehicles, trucks and heavy earthwork vehicles. The tire bladders were made for Company's own consumption and were exported to corporate customers. Their sales totalled to 229 thousand pieces. They were sold to tire manufacturing companies, mainly in Western Europe, North and Latin Americas

In 2022 the Company's sales value amounted to PLN 3 278,0 million and was higher by PLN 935,2 million compared to 2021. PLN (i.e. by 39,9%). Sales to foreign markets amounted to PLN 2 921,7 million and accounted for 89,1% of the total sales value, including 97,6% sales to Goodyear based in Luxembourg. The value of sales on the domestic market amounted to 10,9% of total sales revenues. In 2021, sales to foreign markets accounted for 88,7% and for the domestic market for 11,3% of the total sales value.

Innovative solutions in tire making

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

- the 3D-BIS (three-dimensional tread block locking) improving the rigidity and stability of tires on wet and dry roads, as well as their grip on snow and ice;
- the Grip Booster technology consisting in the application of a viscous resin which improves the tire grip during braking and driving on wet and dry surfaces;
- the WearControl technology ensuring an optimal balance between a wet grip and low rolling resistance throughout the entire service life of a tire;
- the TOPIndicator technology, facilitating the monitoring of the tread wear;
- the ActiveGrip technology allowing even distribution of pressure inside a tire and optimizing its contact area with the road surface by means of using all tread sections and thus ensuring high performance and better driving in winter 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, improve 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 2022 r. capital expenditures totalled PLN 127 279 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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

c) purchase and upgrading of manufacturing accessories.

5.1.1.4. Description of tire business and Company markets

The tire industry in Poland is well developed, and the vast majority of tires produced here are exported, which accounts for approx. 1% of Polish exports.

According to Moto Data, the majority of Polish drivers (57% of respondents) go to workshops, authorized services or shops to buy a new set of tires. Up to 25% of drivers use the Internet, where you can find search engines and product comparison websites.⁵

European market: According to data from the European Tire and Rubber Manufacturers Association (ETRMA), 2022 was characterized by two contrasting half-year results for European tire manufacturers. A positive trend was observed in the first six months in the passenger car tire segment with +7,4% year-on-year growth and +10,3% for truck and bus tires. The second half of the year was full of challenges and showed a halt in the upward trend. Overall, on an annual basis, the replacement market in the passenger tire segment recorded a decline of 2%, while the truck and bus tire segment increased slightly by +1%, despite a sharp decline of 8,2% in the second half of the year. For OEM's tires, year-end results are more positive, with sales of passenger car tires up +3,4% and +4,7% for trucks and buses.⁶

Polish Market: On the Polish replacement market, sales of passenger car tires fell by 4% in 2022, and delivery tires – also by 4% in 2022. Growth was recorded in the SUV and ultra-high performance tires segment by around 8%. In the truck tires segment, sales remained unchanged (0%).⁷

Automotive market:

Registration of new cars in Poland: In 2022, 7,4% fewer passenger cars and light commercial vehicles were registered in Poland than in 2021 <https://motofocus.pl/marki-samochodow/98303/sprzedaz-nowych-samochodow-w-polsce-w-2021-r> (according to PZPM and CEP data).⁸

Sales of new cars in the EU: Overall, the passenger car market in the European Union shrank by 4,6% in 2022, mainly due to the impact of parts shortages in the first half of the year. Although the market improved from August to December 2022, cumulative volumes are 9,3 million units, the lowest level in the region since 1993, when 9,2 million units were registered.⁹

Tire manufacturers in Poland – competitive environment

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;

⁵ 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 22.03.2019

⁶Source: <https://www.etrma.org/news/etrma-members-tyre-sales-in-europe-replacement-tyre-market-figures-show-a-mixed-picture-for-2022-with-sales-impacted-by-a-challenging-second-half-of-the-year/>, accessed 16.02.2023

⁷ <https://pzpo.org.pl/aktualnosci/sprzedaz%C5%BC-opon-w-2022-roku.html> accessed: 14.03.2023

⁸ <https://motofocus.pl/informacje/108828/sprzedaz-nowych-samochodow-w-polsce-w-2022-r>, accessed 16.02.2023

⁹ <https://www.acea.auto/pc-registrations/passenger-car-registrations-4-6-in-2022-12-8-in-december/>, accessed 16.02.2023

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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 2022 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

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;

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- optimization of manufacturing process – carrying out activities aimed at the most advantageous utilization of production capacities while maintaining the highest standards of personnel safety and product quality;
- securing of qualified personnel - taking care for an appropriate headcount level and development of employee qualifications.

External drivers:

- macroeconomic situation - the condition of the economy and its impact on the financial 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.



Key to Value Chain Figure above

1. Purchase of raw materials

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 molds in the curing machine, which combining all tire components gives the tire its ultimate shape, creates tread design and manufacturer's markings on sidewalls.

- Quality Control

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

Warehousing and Distribution

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

Marketing and Sales

Marketing and sales activities targeted at local markets

Customer Service

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

Used tire disposal

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

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

The Company supplies Goodyear Operations S.A., based in Luxembourg, with all manufactured tires of the brands belonging to the Goodyear Group, at market prices determined in accordance with the transfer pricing policy of the Goodyear Group, according to which prices are set in such a way that the Company's profit from the sale of tires reaches the equivalent of the market margin.

In addition, the Company sells to Goodyear Operations S.A. tires manufactured by the Company under the Company's brands. The sale of such tires to Goodyear Operations S.A. is also settled in accordance with the transfer pricing policy of the Goodyear Group, according to which prices will be determined in

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

such a way that the Company's profit from the sale of tires reaches the equivalent of the market margin. The Company has the possibility (but not the obligation), if necessary, to repurchase tires manufactured under the Company's brands from Goodyear Operations S.A. for further resale.

- Goodyear Operations S.A. with its registered office in Colmar-Berg, Luxembourg is an affiliate 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%.

Tire Company Dębica S.A. purchases raw materials mainly from the global purchasing centers 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 program. The program 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.

Distribution

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,

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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 nonfinancial 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

- **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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 centers 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:

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

Natural and working environment:

- **Risk of accidents at work or near misses.** Tire Company Dębica S.A. has Occupational Health and Safety (OH&S) procedures in place. In addition, the Company has also a comprehensive training system on occupational health and safety issues, and educates its employees and suppliers providing services on site.
- **Major industrial failure risk.** Due to the industrial nature of its activity, the Company faces the risk of failures, which may significantly affect the natural environment, e.g. the risk of leakage of the chemical substances used in the process of tire manufacturing or related to on-site fire outbreak. Tire Company Dębica S.A. has developed and implemented major failure prevention procedures. Five times a year the Company holds an exercise in effective emergency

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

management in order to minimize 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, color, religion, nationality, gender, sexual orientation, age, disability or any other reason specified by law. Behavior 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 behavior is also any behavior 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 behaviors as: limiting the freedom of movement, touching or physical assault are absolutely prohibited.

Counteracting corruption:

Risk related to non-compliance with the ethical norms, including anti-corruption rules, resulting in potential penalties for unethical behavior, 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 Dębica S.A. has analyzed 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 analyzed in detail below in the document.

Stakeholder	What aspects of the Tire company Dębica S.A activities are key to them?	Stakeholder engagement
Shareholders	<ul style="list-style-type: none"> • positive financial performance of the Company • maintaining competitive market position 	<ul style="list-style-type: none"> • activities of the Supervisory Board • regular meetings of the Supervisory Board, • appointment and activities of an audit committee • arrangement of meetings with the capital market representatives • publication of stock exchange reports (periodic and current), • dedicated section on a website, • General Meetings of Shareholders.
B2B Customers – non-related entities	<ul style="list-style-type: none"> • product offer, • commercial offer, • close co-operation, • timely deliveries, • quick response to quality related issues. 	<ul style="list-style-type: none"> • on-going meetings during the year, • trade negotiations, • contract with the sales director.
B2B Customers – related entities	<ul style="list-style-type: none"> • timely deliveries, • close co-operation, • quick response to quality related issues. 	<ul style="list-style-type: none"> • regular contacts with the key customer.
State institutions	<ul style="list-style-type: none"> • compliance with the information obligation, • compliance with the legal requirements. 	<ul style="list-style-type: none"> • submission of reports, documents etc. • direct contact depending on the issue.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 labor 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 Dębica S.A.

In its "Statement on non-financial data," Tire Company Dębica S.A. analyzed and selected the key nonfinancial 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 anticorruption 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" program. Under the program, the Company decides to implement and support projects with a positive impact on the lives of people, local communities and the entire planet.

Key activities and priorities

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 situation and behavior 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 - 2022

Rules in the CSR area

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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 program. 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 2022, similarly to 2021, 2020, 2019 i 2018 r. 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" program. 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 - 2022

Road Safety

- **"Safe Road to School"**

"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 program, 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 coloring book promoting the principles of proper behavior 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 impact of the COVID-19 pandemic and its impact on the organization of lessons in 2020 and 2021, as well as due to the COVID-19 epidemiological emergency in 2022, it was not possible to organize further editions of the "Safe Road to School".

- **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.

2022 Management Board Report on Company Operations

In 2022, PZPO continued the #OponyMająMoc campaign, in which, through video materials from tests on the track and showing the truths and myths about tires placed 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 "Tire Certificate of the Polish Tire Industry Association" program implemented in cooperation with TÜV SÜD, which is an assessment of the quality of tire services, was also continued. Since 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 dedicated www.certyfikatoponiarski.pl website was created, where you can find all information related to the project, get acquainted with the criteria and procedure, find workshops that already have a certificate, and, most importantly, report your service to it.

Selected press materials published on the PZPO website and sent for publication in the media in 2022:

- „Bezpieczna droga na ferie”¹⁰
- „Czeka Cię wymiana opon? Przeczytaj te porady!”¹¹
- „Masz opony całoroczne? Też warto je sprawdzić przed sezonem zimowym”¹²
- „Robi się ciepło – czas wymienić opony”¹³
- „Zimówki latem? Zły wybór i poważne konsekwencje”¹⁴
- „Nie pozwól by zeszło ciśnienie”¹⁵
- „Bezpieczne Świąta na porządnym oponach”¹⁶

In the last reporting year, the Association also initiated the preparation of the "Tire Academy" project, which aims to prepare a training program and a training place with equipment, in which, in an open formula, workshop employees will be able to increase their competences in the field of tire servicing.

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, popularizers 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.

The organizers of DUT have prepared several types of meetings: online lectures and workshops available to registered users, as well as unlimited so-called Scientific Sundays. In 2022, in the summer semester, due to the COVID-19 pandemic, lectures were held remotely and workshops were held stationary, in small groups. In the winter semester of 2022, however, classes were held only stationary. In 2022, there were 2 workshop meetings, 4 online lectures, 1 Scientific Sunday.

Each semester consists of the number of lectures corresponding to the number of academic months, i.e. the winter semester lasting from October to February of the following year consists of 5 meetings,

¹⁰ <https://pzpo.org.pl/aktualnosci/bezpieczna-droga-na-ferie.html>, accessed [6.03.2023 r.]

¹¹ <https://pzpo.org.pl/aktualnosci/czeka-ci%C4%99-wymiana-opon-przeczytaj-te-porady.html>, accessed [6.03.2023 r.]

¹² [Masz opony całoroczne? Też warto je sprawdzić przed sezonem zimowym](https://pzpo.org.pl/aktualnosci/masz-opony-caloroczne-tez-warto-je-sprawdzic-przed-sezonem-zimowym), accessed [16.03.2023 r.]

¹³ <https://pzpo.org.pl/aktualnosci/robi-si%C4%99-ciep%C5%82o-czas-wymieni%C4%87-opony.html>, accessed [16.03.2023 r.]

¹⁴ <https://pzpo.org.pl/aktualnosci/zim%C3%B3wki-latem-z%C5%82y-wyb%C3%B3r-i-powa%C5%BCne-konsekwencje.html>, accessed [6.03.2023 r.]

¹⁵ <https://pzpo.org.pl/aktualnosci/nie-pozw%C3%B3l-by-zesz%C5%82o-ci%C5%9Bnienie.html>, accessed [6.03.2023 r.]

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

while the summer semester lasting from March to June of a given year consists of 4 meetings. The lectures can be used by students from the Dębica county and a dedicated number of children of employees of Tire Company Dębica S.A. (in each semester it is a pool of 30 places for employees' children).

In the winter semester 2022/2023, 197 children registered for classes, of which 160 participants were drawn. For comparison: in the winter semester 2021/2022, 177 children registered for online lectures, while 120 children from the Dębica county signed up for stationary workshops. In the winter semester 2020/2021, 176 children registered for online lectures, 125 children for workshops. 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 took part in the DUT summer semester, and 240 children participated in the 2018/2019 winter semester. The number of participants in all semesters so far has been 4931.

- **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 2022 (as in previous years), the scholarship was awarded to two students from the IT technician class and one student from the electrical technician and electronics technician classes.

Integration with the local community of Dębica

- **Goodfest**

Due to sanitary restrictions resulting from the COVID-19 pandemic, in 2021 and 2022 it was not possible to organize an annual picnic for the residents of the city and the Company's employees.

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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

The Association's objective is to create the most favorable 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 a 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 labor market.
- Cooperation with local authorities, institutions, organizations and individuals in terms of funds raising for statutory activities.¹⁷

Support for fighting Ukraine

In connection with the outbreak of the war in Ukraine, the Company responded to the sudden need to provide support to people seeking refuge from the conflict. In April 2022, the Company supported the City of Dębica in the implementation **of donations for Ukraine** by donating 500 canned food, 100 flashlights, 100 sleeping bags and 100 backpacks for children. Until the end of March 2022, in the vicinity of border crossings (Medyka, Budomierz), the Company financed hot meals for war refugees.

Volunteering – Tire Company Dębica SA enables employees to carry out volunteering activities addressed to the local community. Employees have the opportunity to submit projects for which they receive funding. Since 2017, projects have been carried out, including planting trees, creating a traffic town, building a puppy pen or organizing ecological workshops. In 2022, the employees of the factory in Dębica completed the following projects: equipping the ecological knowledge corner in Primary School No. 8 in Dębica, organizing workshops on road safety and equipping the Municipal Kindergarten No. 8 with related materials, equipping the school common room in Primary School No. 5, equipping the Municipal Kindergarten No. 12 in Dębica.

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 2017-2022

¹⁷ Website of the Association of Parents and Friends of People with Disabilities "Joy" <https://radosc.debica.pl/o-nas/>, accessed 16.03.2021 r.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 labor or human trafficking - the company guarantees and promotes freedom of employment;
- lack of acceptance for the use of children, including child labor;
- 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.
- **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 labor 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).

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- **“Zero Tolerance” policy**, regarding lack of acceptance for any acts of harassment and discrimination based on race, color, 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, 2021 and 2022

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 2022, the data mentioned above was as follows::

As of 31.12.2022	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	60	456	515	1	412	104
Men	169	2 374	2 542	1	2 361	182
Total	229	2830	3057	2	2773	286

As of 31.12.2022	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	11,63%	88,37%	99,81%	0,19%	79,84%	20,16%
Men	6,65%	93,35%	99,96%	0,04%	92,84%	7,16%
Total	7,49%	92,51%	99,93%	0,07%	90,65%	9,35%

2022 Management Board Report on Company Operations

As of 31.12.2021	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

As of 31.12.2021	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 31.12.2020	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 31.12.2020	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%

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Total	3,0%	97,0%	100,0%	0,0%	90,1%	9,9%
--------------	------	-------	--------	------	-------	------

As of 31.12.2019	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	77	448	524	1	418	107
Men	321	2 263	2 584	0	2 389	195
Total	398	2 711	3 108	1	2 807	302

As of 31.12.2019	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 31.12.2018	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

	Type of contract	Type of employment	Type of job
--	------------------	--------------------	-------------

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

As of 31.12.2018	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%

Dla porównania, dane na koniec 2017 r. oraz 2016 r. obrazują poniższe tabele:

As of 31.12.2017	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 31.12.2017	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 31.12.2016	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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Men	97	2111	2208	0	1967	241
Total	102	2611	2711	2	2351	362

As of 31.12.2016	Type of contract		Type of employment		Type of job	
	With limited duration	With unlimited duration	FTE	Non-FTE	Blue-collar	White-collar
Women	1.0%	99.0%	99.6%	0.4%	76.0%	24.0%
Men	4.4%	95.6%	100.0%	0.0%	89.1%	10.9%
Total	3.8%	96.3%	99.9%	0.1%	86.7%	13.3%

Training

In 2022 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;
- Percentage (%) of job entitlements obtained on the first attempt of the exam;
- A number of newly hired employees for blue-collar workers' positions during pre-certification training;
- A number of incidents involving new employees (monitoring of the first 6 months of work since employment).

In 2022, as in 2021, each new employee participated in the Onboarding process – a basic introductory training session using internal experts and a practical training center (DOJO).

Tire Company Dębica S.A. monitors the implementation of the training forecast on a monthly basis. In 2022, there were 5444 "training units", compared to 4927 in 2021. In 2020, 4827 training units were carried out, in 2019: 6001 and 5839 units in 2018. An 'individual' monitoring indicator has been adopted

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

as trainees may be repeated. Tire Company Dębica S.A. has constant supervision over the number of training participants.

Employee benefits:

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

In 2022, Tire Company Dębica S.A. continued to provide employees with specialist medical care at the on-site Outpatient Clinic in 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- **Employee Pension Scheme (EPS)**

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

Each employee can apply for Scheme membership and without incurring costs, build their retirement future. Thanks to this, the Company helps employees to achieve a higher retirement by paying **for an employee a monthly contribution of 3.5% of the employee remuneration** which represents the calculation base for contributions to old-age and disability insurance. 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 Labor 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, 2021 and 2022

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 environmental protection¹⁸:

- 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.

¹⁸ Quality, environmental, occupational safety and energy policy of T.C. Dębica S.A., May 2021.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- 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 behavior among all personnel members working on the Company site.

As part of these issues, plant employees work in the so-called subcommittees of the PEC Foundation (People Environmental Care) as part of Production Optimization. In 2022, DRA (Dynamic Risk Assessment) Subcommittees were established in the Truck Tire Production Department, Very strong emphasis was placed on issues related to work ergonomics. A company-wide subcommittee was appointed, which evaluated 77 activities in terms of ergonomics, 6 projects reducing ergonomic risk were implemented.

The plant operates a training center DOJO room, where one of the elements is the subject of health and safety. There you can find training materials in the form of simulators of the most common threats occurring on the company's premises and training videos on these threats. In 2022, 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 09.12.2022
- Waste Act of 14 December 2012 consolidated text of 03.03.2022
- Labor Code Ac, consolidated text of 09.06.2022
- Act on the responsibilities of entrepreneurs regarding the management of certain wastes and the product fee of 11 May 2001, consolidated text of 08.10.2020
- Act on packaging and packaging waste management of 13 June 2013, consolidated text of 22 February 2019.
- Act of 17.07.2017 - Water Law, consolidated text of 14.10.2021
- Act of 15 May 2015 on the substances causing depletion of ozone layer and on certain fluorinated greenhouse gases, consolidated text of 08.10.2020
- Nature Conservation Act of 16 April 2004, consolidated text of 23.03.2022
- Act of 7 July 1994 called Construction Law, consolidated text of 02.12.2021
- Fire Protection Act of 24.08.1991, consolidated text of 05.09.2022

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

- Act of 17 July 2009 on the greenhouse gas and other substances managing system, consolidated text of 03.03.2022
- Act of 12 June 2015 on trading greenhouse gas emission allowances, consolidated text of 07.04.2022

B) Management norms and standards

- Technical specification IATF 16949 specifying the standards of quality systems in the global automotive industry, particularly the requirements for a quality system for products related to the design or development, manufacture, installation and maintenance in the automotive industry. The implementation of the specification was confirmed by IATF certificate (International Automotive Task 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 Dębica 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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

Ordinance No. 1/2019 of the General Director of Tire Company Dębica S.A. of February 15, 2019 on waste handling instructions, which introduces the "Waste management instruction in Tire Company Dębica S.A." in order to implement the legal requirements applicable to waste management.

Prevention of major industrial failures

On 20.06.2022, the instruction on preventing major industrial accidents was updated, specifying the Emergency Rescue Organization System in the Company, issued in order to prepare Tire Company Dębica S.A. to act in the event of a serious failure caused by the Company's operations.

Occupational safety and health

- Occupational Health and Safety Instruction – a system for reporting, registering and analyzing accident events (Near Miss).
- 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 - 2022

Update of in-house regulations

In 2022, Tire Company Dębica S.A. She undertook many initiatives for the environment. In the light of applicable legal regulations, it was necessary to update the "integrated permit" decision issued by the Marshal of the Podkarpackie Voivodeship on 30/03/2022.

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:

- change of the naming of the departments within the rubber processing installation, in accordance with the new organizational chart of the Company,
- introduces a new High Storage Warehouse, heated by two central units with heating modules powered by natural gas,
- includes the introduction of a second production line for tires manufactured under Sealtech technology,
- data on the reduction of dust emissions to air on emitters discharging pollutants from mixers and changes in the frequency and scope of measurements of emissions from designated emitters.

Water consumption

In recent years, Tire Company Dębica S.A. has been implementing a program to reduce water consumption for social purposes by building employees' awareness of natural resources protection. 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 the SARS-CoV-2 virus. The decrease in water consumption for social purposes in 2022 resulted mainly from the restrictions introduced by the Regulation of the Council of Ministers of 13 May 2022 regarding the epidemic threat. Thanks to the increase in production efficiency, it was possible to achieve lower water consumption per ton of product, which remains at a similar level in 2021-2022.

Table: Water consumption for social purposes in the years 2017–2022 (in thousand m3):

2022 Management Board Report on Company Operations

2017	2018	2019	2020	2021	2022
101	101	112	91	127	112

Table: Amount of water in m³ per tonne of product in 2017-2022:

2017	2018	2019	2020	2021	2022
4,3	3,4	3,9	4,5	3,1	3,2

Environmental fees

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 2020-2022.

Table: Environmental fees per ton of product in 2017–2022 (in PLN per tonne of product):

2017	2018	2019	2020	2021	2022
1,6	1,9	1,8	1,9	1,8	1,9

Air emissions

Tire Company Dębica S.A. aims to reduce emissions from production processes. It ensures effective operation of air protection devices, eliminates the consumption of gasoline which is a source of volatile organic compounds, implements projects aimed at optimizing heat consumption in the factory. The increase in carbon dioxide emissions in 2021 and 2022 resulted from an increase in the level of production, as well as from the increased operation of ventilation systems and regular ventilation of rooms. This, in turn, resulted from recommendations to reduce the risk associated with exposure to SARS-CoV-2 in the workplace, which consequently had an impact on increasing the demand for heat in all facilities and extending the heating period aimed at protecting the health of people working in the factory during the COVID-19 epidemic as broadly as possible. In 2022, electric heating was installed in some social rooms, which contributed to a reduction in the demand for heat supplied from the District Heating, and consequently also to a reduction in carbon dioxide emissions compared to 2021.

Table: Carbon dioxide emissions from the combustion of fuels in 2017-2022 in thousand tonnes:

2017	2018	2019	2020	2021	2022
34	35	35	34	39	37

Reduction of energy consumption

In 2022, the Company continued to implement projects aimed at increasing energy efficiency and decreasing the BTU/lbs consumption rate.

Thanks to the implementation of numerous optimization projects carried out within the EMS, a reduction in gas consumption by 500,000 Nm³/y and electricity consumption by 2,000,000 kWh/y was achieved, while maintaining the production level.

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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 below 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 2022.

Table: BTU/lb energy consumption index in years 2017–2022:

2017	2018	2019	2020	2021	2022
5871	5895	5853	6181	5848	5769

Occupational safety

Key Performance Indicators (KPIs) in the safety area calculated in 2022 include:

KPI	Value in 2022	Value in 2021	Value in 2020	Value in 2019	Value in 2018
Accidents (number of OSHA accidents + number of incidents when first aid had to be provided)	35	42	34	40	34
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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 Content:

- 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 2017-2022

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

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

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

In 2022, the Management Board of Tire Company Dębica S.A. consisted of 3 men, over 50 years old and a woman over 40 years old. On the other hand, there were 7 men on the Company's Supervisory Board, among whom 3 people were in the age range from 30 to 50 years, while 4 people are over 50 years old and 1 woman over 40 years old.

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 labor or human trafficking are prohibited;
- a ban on children abuse, including child labor;
- 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, color, religion, nationality, gender, sexual orientation, age, disability or other characteristics protected by applicable law.

2022 Management Board Report on Company Operations

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

Administrative bases and due diligence procedures

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

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

The Company acts in compliance with the applicable law, in particular, the Labor 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 Labor Regulations and the Corporate Collective Labor 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 labor, child labor, 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 behavior. The Company applies the zero tolerance policy to all acts of harassment and discrimination based on race, color, 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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

regulations, in particular with regard to child labor, pay and working time, prohibition of discrimination and forced labor, 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 behavior a certain employee is aware of should always be reported.

There are several ways of reporting breaches at the Company:

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

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

The effects of application of the Company's policies and actions to this extent in 2017- 2022.

In 2022. The company undertook initiatives for human rights and support for diversity. These include, but are 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 accordance with the policy and applicable regulations contained in the Code and to notify of any violations or suspected violations of these provisions.

In the years 2017-2022, all new employees received a copy of the Code of Professional Ethics.

- Certificate confirming knowledge and application of the principles of the Code of Professional Ethics by office employees. Every year in December, employees are required to confirm their knowledge of the principles of the Code of Professional Ethics through 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"**

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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:

- 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 2017-2-2022

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:

dążenie do eliminacji jakichkolwiek przypadków korupcji w firmie;

- 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.

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 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 C.22.11 C.22.19 C.26.20 C.26.30 C.28.96 C.33.12 D.35.13 D.35.30 E.36.00 E.38.11	E.38.12 G.45.20 G.45.31 H.49.31 H.53.20 L.68.10 L.68.20 M.74.90 N.77.11 N.77.33 N.77.40 S.96.01	3 277 965 k PLN	100%

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 C.22.11 C.22.19 C.26.20 C.26.30 C.28.96 C.33.12 D.35.13 D.35.30 E.36.00 E.38.11	E.38.12 G.45.20 G.45.31 H.49.31 H.53.20 L.68.10 L.68.20 M.74.90 N.77.11 N.77.33 N.77.40 S.96.01	127 279 k PLN	100%

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 C.22.11 C.22.19 C.26.20 C.26.30 C.28.96 C.33.12 D.35.13 D.35.30 E.36.00 E.38.11	E.38.12 G.45.20 G.45.31 H.49.31 H.53.20 L.68.10 L.68.20 M.74.90 N.77.11 N.77.33 N.77.40 S.96.01	2 823 488 k PLN	100%

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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. Inhouse 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)

The value of transactions with related parties belonging to the Goodyear group in 2022 in the sale of goods, goods and services amounted to PLN 2 921,6 million, and in the sale of fixed assets PLN 3,3 million.

The value of transactions related to the purchase amounted to PLN 959,1 million. In the financial year covered by the financial statements, the Company did not conclude significant transactions on terms other than arm's length with related parties.

B)

The Company did not extend any sureties, nor guarantees, nor did it take out any loans. The Company used overdraft facilities. Liabilities in this respect at the end of 2022 amounted to zero. In 2022, agreements with three banks for overdrafts up to PLN 145 million were in force.

DETAILS OF EXTENDED OVERDRAFT FACILITIES

Name of entity (company) including legal status	Credit /loan amount under Agreement ('000 PLN)	Currency	Interests rate	Maturity date	Securities & collaterals
BANK PEKAO S.A.	60 000	PLN	WIBOR 1M + 1,30%	31.10.2023	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%	30.09.2024	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%	29.09.2023	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..

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

In 2022, The Company granted four short-term loans to Goodyear S.A., based in Luxembourg. Detailed information on settlements regarding loans for Goodyear S.A. in 2022 is provided in the table below:

Agreement date	11.12.2020	25.06.2021	24.09.2021	10.12.2021	16.12.2021	24.06.2022
Maturity date (loan repayment)	10.12.2021	24.06.2022	23.09.2022	09.12.2022	01.02.2022	23.06.2023
contractual compensation	WIBOR1Y + 0,45%					
loan amount ('000 PLN)	105 000	175 000	120 000	105 000	100 000	275 000
Interest received in 2022 ('000 PLN)	80	4 872	4 785	6 508	439	9 598
principal of the loans as of 31.12.2022 ('000 PLN)	0	0	0	0	0	275 000
interest accrued as of 31.12.2022 ('000 PLN)	0	0	0	186	0	1 887

Agreement date	23.09.2022	09.12.2022	20.12.2022	20.12.2022	Total
Maturity date (loan repayment)	22.09.2023	08.12.2023	19.12.2023	02.01.2023	
contractual compensation	WIBOR1Y + 0,45%				
loan amount ('000 PLN)	70 000	105 000	100 000	50 000	
Interest received in 2022 ('000 PLN)	1 069	0	0	0	27 351
principal of the loans as of 31.12.2022 ('000 PLN)	70 000	105 000	100 000	50 000	600 000
interest accrued as of 31.12.2022 ('000 PLN)	480	535	266	133	3 487

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 2022, the Company did not invest in securities, financial instruments or real estate.

D)

The Company did not announce publicly the financial forecast for 2022

E)

Spółka jest stroną następujących umów znaczących:

- 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

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

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 granted to Goodyear S.A., of which the Company informed in current reports No. 11/2022, 20/2022, 22/2022, 23/2022, 24/2022.

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

F)

In 2022 no changes were made in the fundamental rules for company management.

G)

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

Remuneration ('000 PLN)	2022	2021
I. Paid or due remuneration to the persons who are members of management bodies, including:	3 820,0	3 892,3
1. Remuneration		
Leszek Szafran - President of the Management Board	1 434,1	1 164,1
Ireneusz Maksymiuk - A Management Board member	1 054,3	872,7
Michał Mędrek - A Management Board member ¹⁾	184,0	605,6
Mirosław Maziarka - A Management Board member ²⁾	560,0	1 249,9
Marko Nahtigal - A Management Board member ³⁾	553,9	0,0
Anna Winiarska-Miśkowiec ⁴⁾	33,7	0,0
II. Paid or due remuneration to the persons who are members of supervisory bodies, including:	600,6	603,7
1. Remuneration		
Łukasz Rędziniak - An Independent Supervisory Board Member	0,0	149,4
Janusz Raś - A Supervisory Board Member	109,4	137,4
Andrzej Kowal - An Independent Supervisory Board Member	194,2	168,8
Agnieszka Modras - An Independent Supervisory Board Member	155,3	35,6
Marek Piękoś - A Supervisory Board Member	141,7	112,5
Total	4 420,6	4 496,0

¹⁾ Remuneration for the period of performing the function of a member of the Management Board from 1 January to 28 February 2022

²⁾ Costs incurred by the Company on the basis of received invoices regarding remuneration for work in connection with employment by Goodyear SA Luxembourg for the period of performing the function of a member of the Management Board from January 1 to April 29, 2022

³⁾ Costs incurred by the Company on the basis of received invoices regarding remuneration for work in connection with the employment by Goodyear Slovenija d.o.o. for the period of serving as a member of the Management Board from April 29 to December 31, 2022

Tire Company Dębica S.A.

2022 Management Board Report on Company Operations

⁴⁾ Costs incurred by the Company on the basis of received invoices regarding remuneration for work in connection with the employment by Goodyear Polska Sp. z o.o. for the period of serving as a member of the Management Board from March 3 to December 31, 2022

Other members of the Supervisory Board did not receive remuneration.

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 2022 no acquisition, nor disposal of own shares/interest took place.

L)

Significant court proceedings in 2022:

On October 4, 2022. The Company has received a copy of the lawsuit filed by Lemuria Partners Sicav P.L.C. ("Lemuria") to set aside certain resolutions of the General Meeting adopted by the Annual General Meeting of the Company on June 30, 2022 (the "OGM"). The subject of the action brought by Lemuria is the annulment of the following resolutions of the OGM:

1. Resolution No. 7 of the Ordinary General Meeting of Shareholders on the distribution of profit,
2. Resolution No. 8 of the Ordinary General Meeting of Shareholders on granting discharge to a Member of the Management Board of the Company for the performance of his duties in 2021,
3. Resolution No. 19 of the Ordinary General Meeting of Shareholders on granting discharge to a Member of the Supervisory Board of the Company for the performance of his duties in 2021

The Management Board informs that the content of the challenged resolutions was published by the Company in current report No. 15/2022 of June 30, 2022.

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

Marko Nahtigal Member of the Management Board, Chief Production Officer (CPO)