

COMARCH



CORPORATE SOCIAL RESPONSIBILITY 2016 REPORT

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COMARCH MANAGEMENT BOARD'S NON-FINANCIAL STATEMENT FOR STAKEHOLDERS IN THE COMPANY



Dear Stakeholders,

The Comarch Group, being a large enterprise with a global reach, exerts a significant impact on its environment, the economic and social aspects in particular. Sustainability has always been one of the cornerstones of the company's strategy and, in the opinion of the Group's Management Board, a key contributory factor to its success on the market.

In view of the importance of sustainable development and of the company's bearing on its environment, the Group's Management Board has decided to issue the Non-Financial Report of the Comarch Group for 2016

one year prior to the obligation to do so coming into effect. Despite the absence of specific regulatory requirements, Comarch has been applying best practice for non-financial reporting for many years (e.g. by publishing relevant information on-line or including it in annual reports). Such an approach stems from an internal need to communicate with our stakeholders, and from the requirement to meet the corporate governance recommendations and accounting regulations for listed companies.

Given the company's business profile, social aspects of sustainable development concerning employment standards, human rights, and diversity management are key for Comarch, in particular as applicable to governing bodies, i.e. management and supervisory boards. The Comarch Group's Management Board believes that compliance with relevant standards, including reporting ones, is necessary to ensure the proper management of human resources and thus to maintain the company's long-term growth and competitive edge.

Key non-financial sustainability initiatives taken in the reporting period included an improvement in the quality of HR management, strengthening the role of soft incentives, enhanced promotion of an active lifestyle among employees, raising management diversity awareness, and the commencement of advanced vendor management measures. In 2016, the Comarch Group also took steps to reduce its environmental footprint, e.g. through the implementation of state-of-the-art, energy-efficient technologies in its infrastructural investment projects and promotion of environmental awareness in the workplace. The Group continued to support various local community and charity projects.

We draw attention to the fact that the Non-Financial Report for 2016 has been prepared in a simplified form, without adopting all of the GRI recommendations. The key non-financial reporting challenges and objectives for Comarch for the coming year include development of internal processes to achieve target reporting quality and integrity as well as the completion and enforcement of relevant corporate policies.

Comarch Management Board

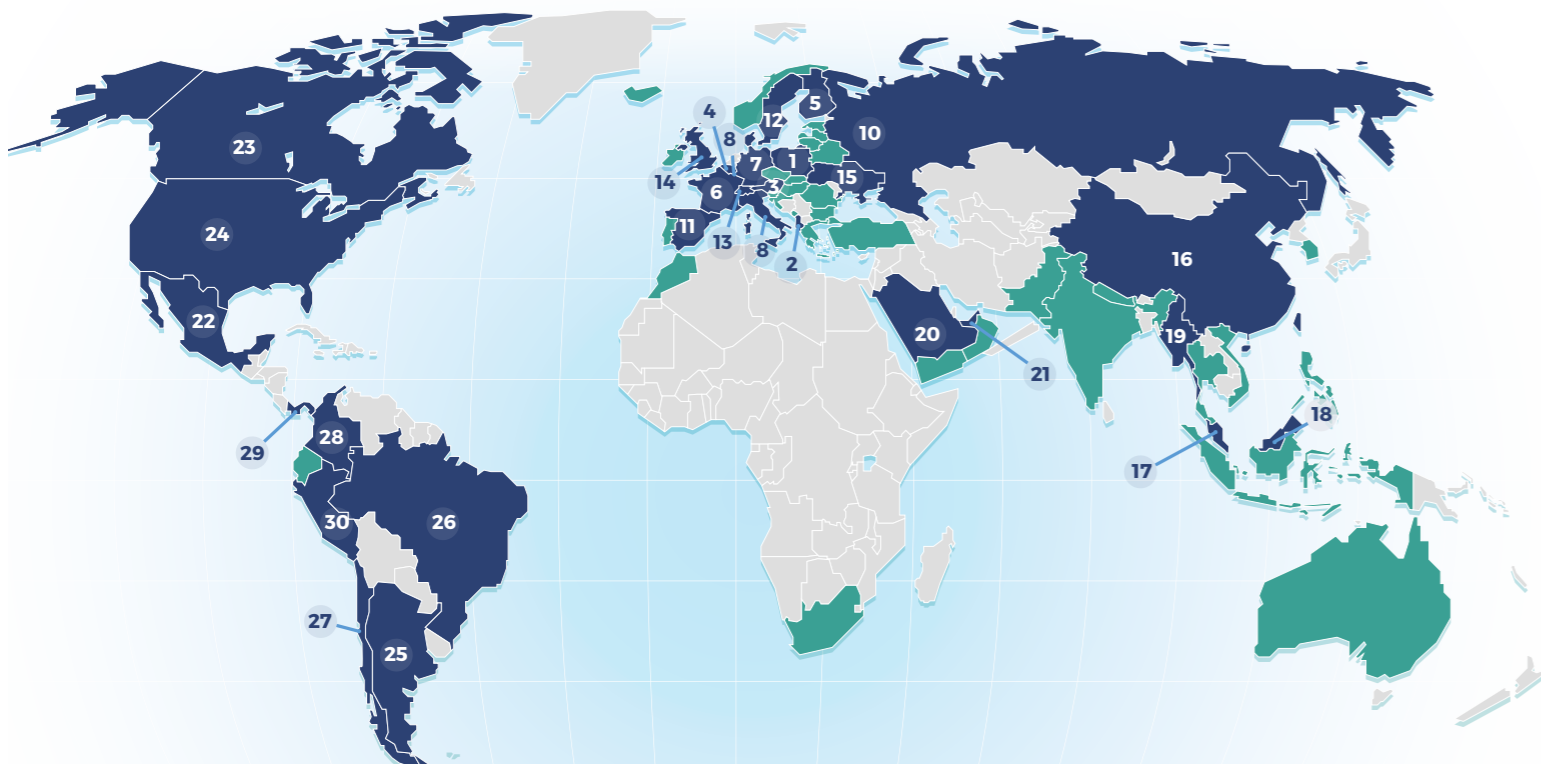


COMARCH IN NUMBERS

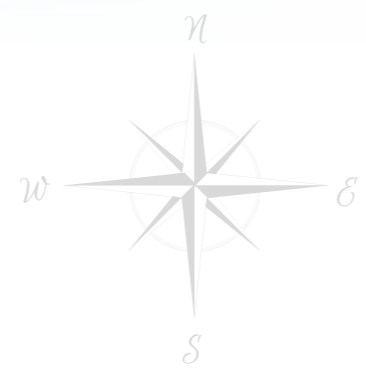
 Founding year 1993	 More than 5 300 Employees	 Headquarters KRAKÓW, POLAND
 Comarch onset 1991	ADDED VALUE 93% Comarch is a software house which sells own software products to large corporations along with implementation and managed services	
 USD 500 mln	The total value of Comarch's on the Warsaw Stock Exchange	Global Presence 
 Thousands of successfully completed projects on	6 Continents in about	60 Countries
 Publicly Traded on WARSAW STOCK EXCHANGE since 1999	Recognized by Gartner, Forrester Research, IDC and more	
	 Subsidiaries 53	

ABOUT COMARCH

COMARCH – WORLDWIDE CUSTOMERS, PROJECTS, COMPANIES, DATA CENTER



● Worldwide Subsidiaries, Customers, Projects
 ● Customers and Projects



EUROPE

- 1** Poland
Krakow HQ, Białystok, Bielsko-Biała, Częstochowa, Gdańsk, Gliwice, Katowice, Kielce, Lublin, Łódź, Poznań, Rzeszów, Tarnów, Toruń, Warszawa, Włocławek, Wrocław
- 2** Albania
Tirana
- 3** Austria
Innsbruck, Vienna
- 4** Belgium
Brussels
- 5** Finland
Espoo
- 6** France
Montbonnot Saint Martin, Lille
- 7** Germany
Berlin, Bremen, Dresden, Düsseldorf, Hamburg, Hannover, Munich, Münster
- 8** Italy
Milan
- 9** Luxembourg
Strassen
- 10** Russia
Moscow
- 11** Spain
Madrid
- 12** Sweden
Stockholm
- 13** Switzerland
Arbon, Lucerna
- 14** UK
London
- 15** Ukraine
Kyiv, Lviv

ASIA

- 16** China
Shanghai
- 17** Malaysia
Kuala Lumpur
- 18** Singapore
Singapore
- 19** Thailand
Bangkok

MIDDLE EAST

- 20** Saudi Arabia
Riyadh
- 21** United Arab Emirates
Dubai

NORTH AMERICA

- 22** Mexico
Mexico City
- 23** Canada
Saint John, Montreal, Toronto
- 24** USA
Atlanta, New York, Rosemont, Chicago, Columbus, Tyrone

SOUTH AMERICA

- 25** Argentina
Buenos Aires
- 26** Brazil
Sao Paulo
- 27** Chile
Santiago
- 28** Colombia
Bogota
- 29** Panama
Panamá City
- 30** Peru
Lima

• data center
• data center only

MANAGEMENT BOARD

PROFESSOR JANUSZ FILIPIAK

Founder, President of the Management Board
Chief Executive Officer of Comarch SA

MARCIN DĄBROWSKI

Vice President of
the Management Board
Director of Telecommunications
Division

PAWEŁ PROKOP

Vice President of
the Management Board
Director of Public Sector Division

ANDRZEJ PRZEWIĘŹLIKOWSKI

Vice President of
the Management Board
Director of Financial Services Division

ZBIGNIEW RYMARCZYK

Vice President of
the Management Board
Director of ERP Division

KONRAD TARAŃSKI

Vice President of
the Management Board
Chief Financial Officer

MARCIN WARWAS

Vice President of
the Management Board
Director of Services Division

SUPERVISORY BOARD

ELŻBIETA FILIPIAK

Chair of the Supervisory Board

MACIEJ BRZEZIŃSKI

Deputy Chairman of
the Supervisory Board

ROBERT BEDNARSKI

Member of the Supervisory Board

DANUTA DROBNIAK

Member of the Supervisory Board

WOJCIECH KUCHARZYK

Member of the Supervisory Board

ANNA ŁAWRYNOWICZ

Member of the Supervisory Board

ANNA PRUSKA

Member of the Supervisory Board

AUDIT COMMITTEE

DANUTA DROBNIAK

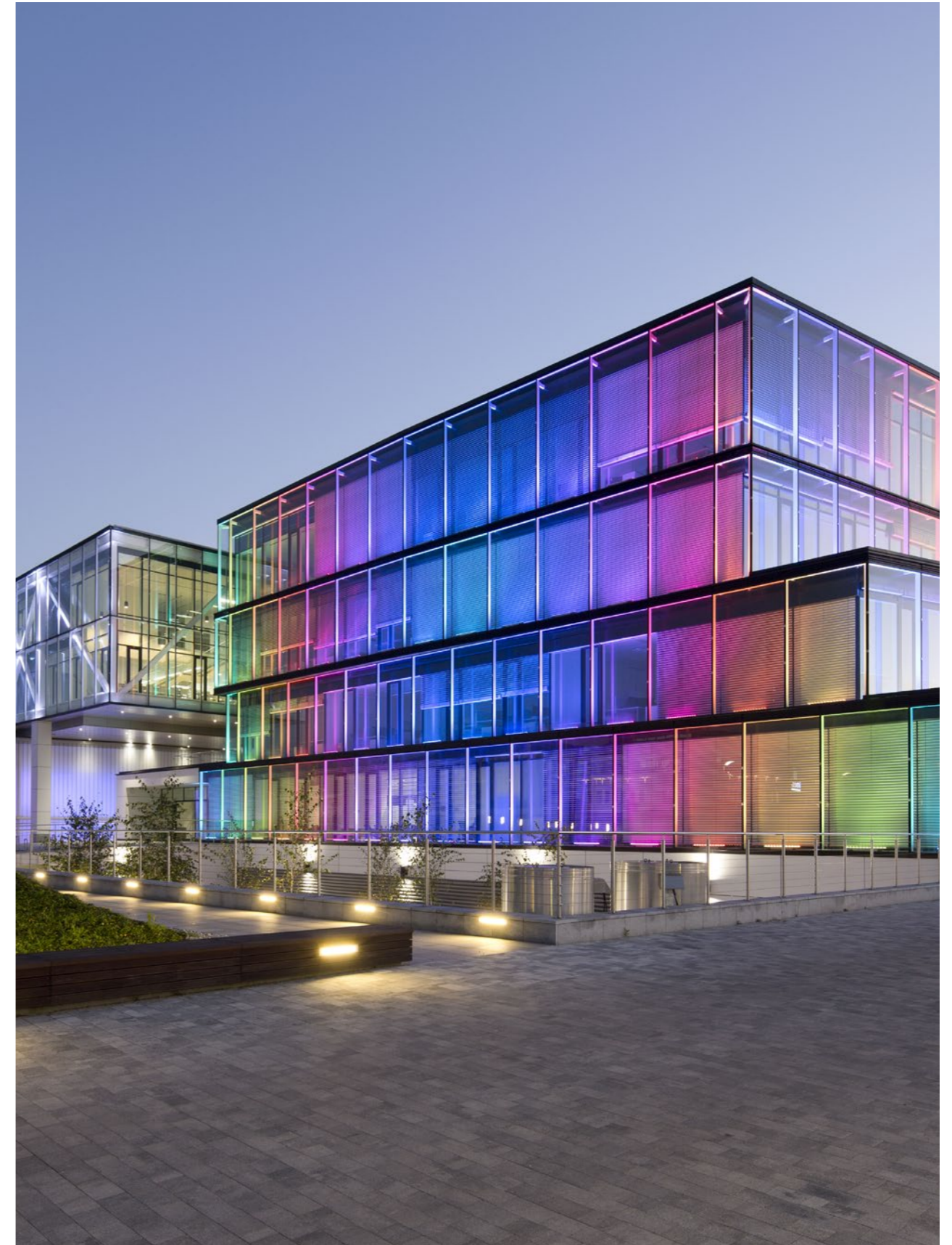
Chair of the Audit Committee

ELŻBIETA FILIPIAK

Member of the Audit Committee

ROBERT BEDNARSKI

Member of the Audit Committee



Comarch SSE6 Building, Kraków

COMARCH CG'S ORGANIZATIONAL
AND COMPETENCY STRUCTURE
COMARCH SA (KRAKÓW, POLAND)



prof. Janusz Filipiak

Founder and CEO of Comarch SA
Strategy, HR, Marketing



Konrad Tarański

Finance, Administration
and Internal IT Systems,
CFO, Vice-President

DIVISIONS



Marcin Dąbrowski

Vice-President of
the Management Board,
Director of
**TELECOMMUNICATIONS
DIVISION**



Paweł Prokop

Vice-President of
the Management Board,
Director of
**PUBLIC SECTOR
DIVISION**



Andrzej Przewięźlikowski

Vice-President of
the Management Board,
Director of
**FINANCIAL SERVICES
DIVISION**



Zbigniew Rymarczyk

Vice-President of
the Management Board,
Director of
**ERP
DIVISION**



Marcin Warwas

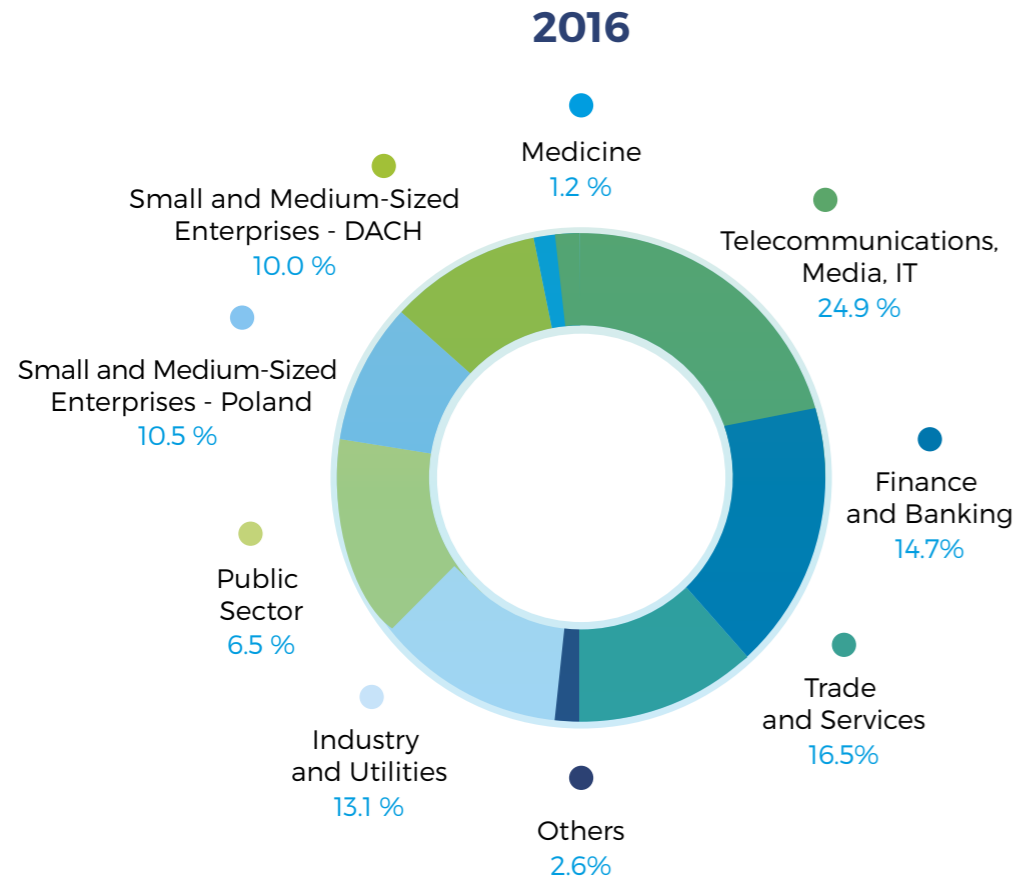
Vice-President of
the Management Board,
Director of
**SERVICES
DIVISION**



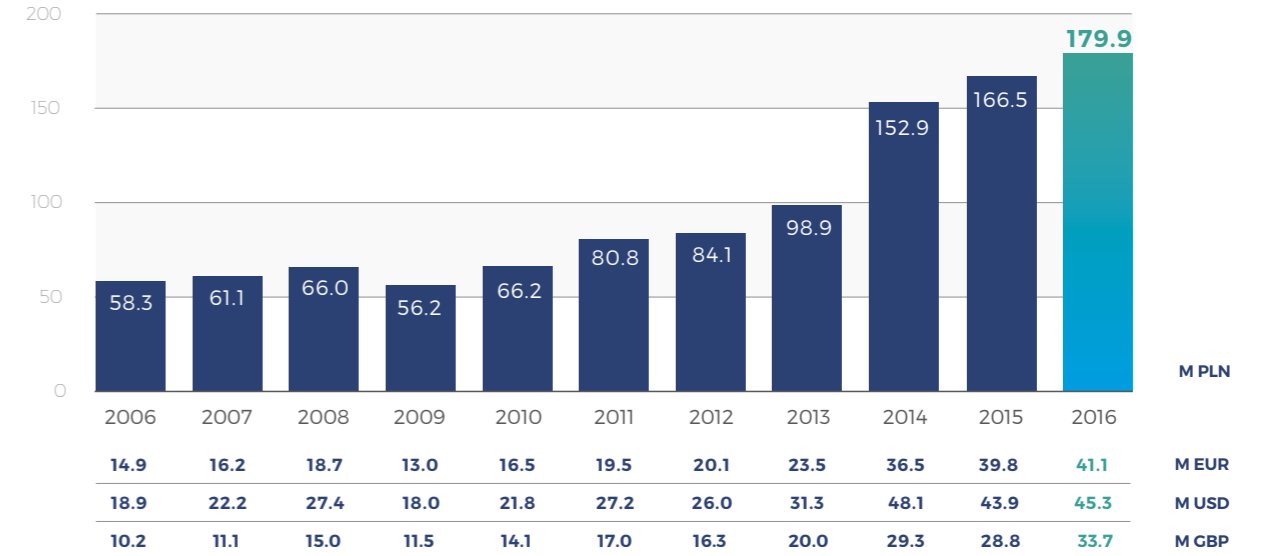
Piotr Piątosza

Director of
**COMARCH HEALTHCARE
DIVISION**

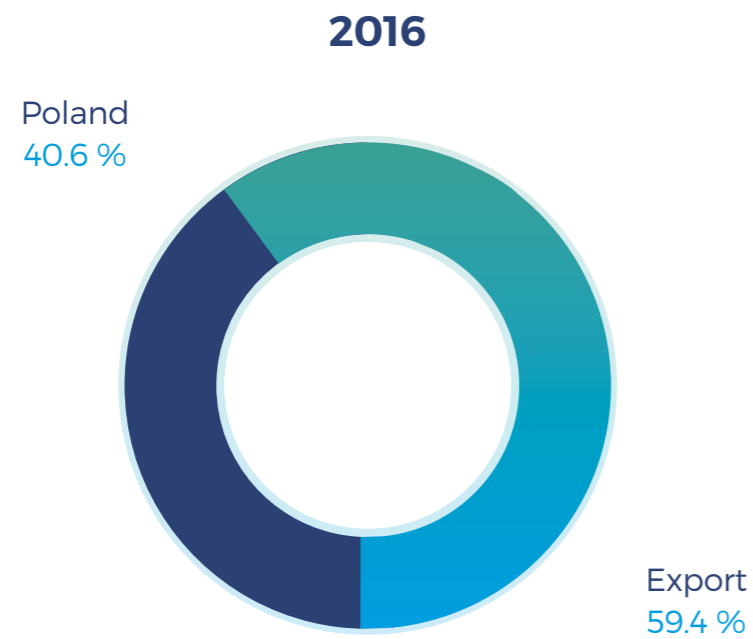
REVENUE BY MARKET



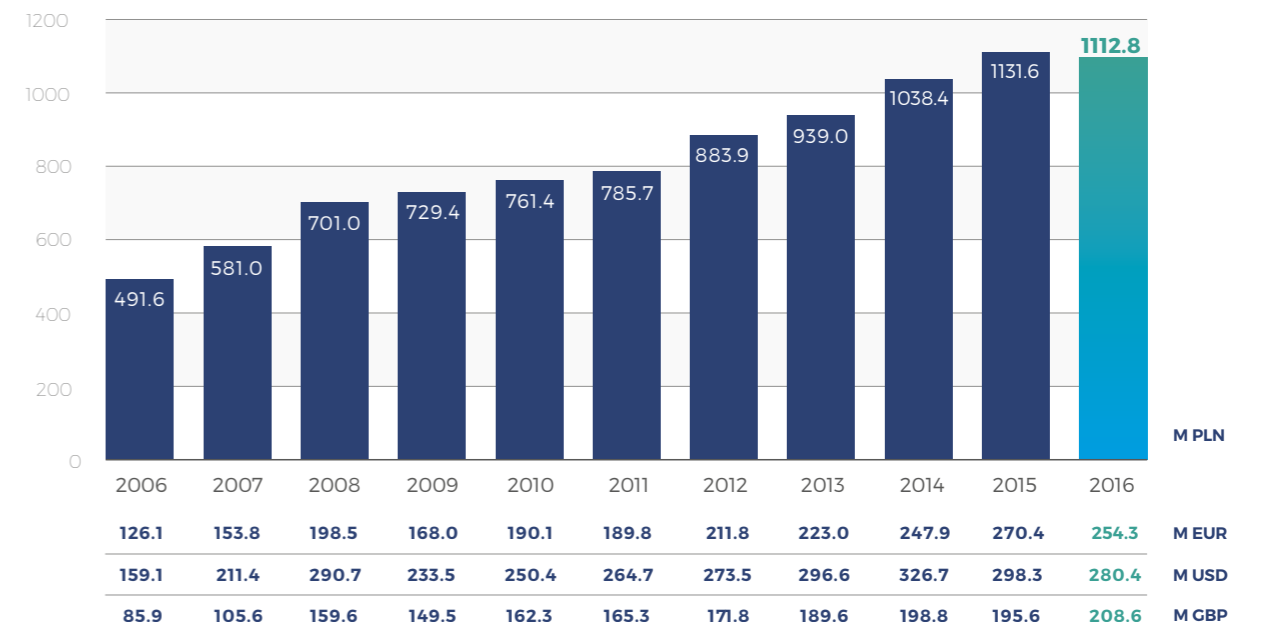
EBITDA



SALES BY GEOGRAPHIC LOCATION



GROWTH IN REVENUE FROM SALES



HISTORY OF COMARCH



1991

- Creation of Computer and Communications Consultants Ltd. Sp. z o.o. (9/05/1991). Incorporation of CCC Ltd. with Companies House on 16/05/1991

1993

- As a result of the merger of EJ Filipiak with CCC Ltd. (28/10/1993), Comarch Sp. z o.o. is established at room 415, building B5 of the University of Science and Technology AGH in Kraków

1994

- Comarch's first contract (5/10/1994) with its first client Telekomunikacja Polska SA - Comarch implemented the SEZtel system

1998

- Comarch becomes the first Polish partner of Oracle
- First authorized Center of Java in Poland (Sun Microsystems and Comarch project)
- Beginning of the first Comarch international implementation in Denmark

1999

- Stock Exchange debut in Warsaw
- Entering the USA market
- Comarch and RMF FM establish Interia.pl portal

2000

- Comarch recognized by the World Economic Forum in Davos as the "Technology Pioneer"
- Establishment of the first German company office - Comarch Software AG with its headquarters in Frankfurt am Main

2001

- Start-up of a company in the Special Economic Zone in Kraków
- Company shares included in the WIG20 index

2002

- Beginning of a business development in Central America - contract signed with Enitel, a national operator in Nicaragua
- Contract signed with British Petroleum

2003

- MKS Cracovia SSA became part of Comarch Capital Group
- Contract signed with the Department of Telecommunications & IT of the State of Washington
- Opening of branches in Moscow and Wrocław
- Acquisition of CDN - Software House of ERP

2004

- Start-up of a company in Dubai Internet City
- Start-up of Comarch Panama Inc. in Panama City

2005

- Establishment of Comarch Data Center in Kraków
- Start-up of Comarch AG in Brussels

2006

- Contracts with T-Mobile Germany (currently Telekom Deutschland) and T-Mobile Austria to provide the Network & Service Inventory System
- Contract signed with Auchan



2007

- Sale of Interia.pl

2008

- Acquisition of German MSP Software House with operations in Austria, Germany and Switzerland - SoftM Software und Beratung AG Company listed on the Frankfurt am Main Stock Exchange
- Start-up of the first company under Comarch Corporate Finance FIZ dedicated to iMed24 SA telemedicine
- Introduction of loyalty programs on the American market

2009

- Opening of the Training & Conference Center and the Administration Division of Comarch in SSE4 in Kraków
- Signing a framework agreement with ING Bank Śląski.
- Starting cooperation with Alior Bank

2010

- In the 2010/2011 season, Comarch is the main sponsor of the TSV 1860 Bavarian football team
- Contract signed with Diageo
- Comarch chosen by E-Plus to be the supplier of the Next Generation Network Planning solution
- Launch of Wszystko.pl - a virtual shopping center (first B2C project in the ERP Division)

2012

- Opening of iMed24 Medical Center
- Comarch logo on shirts of the French AC Nancy football team
- Contract signed with Diageo
- Comarch chosen by E-Plus to be the supplier of the Next Generation Network Planning solution
- Launch of Wszystko.pl - a virtual shopping center (first B2C project in the ERP Division)
- Acquisition of ESAProjekt - a medical software house
- Contract signed with the Italian UniCredit

2013

- 5000 network devices and 2000 servers operating for 100 clients in 17 countries under the supervision of Comarch Network Operations Center
- 20th anniversary of Comarch
- Contract signed for Podlaski e-Zdrowie IT System
- Start-up of a company in Santiago, Chile
- Contract signed with Síminn, a leading Icelandic operator
- Contract signed with Hortex Group in Russia
- Investing in SSE6 in Kraków
- Professor Filipiak as a guest of Gartner Mastermind Interview

2014

- Lunch of Comarch ERP Society, the first platform for B2B knowledge exchange in Poland
- Contract signed with Air Austral
- Comarch with "Black Shirts" of Polonia Warszawa
- Further expansion of Comarch in the Middle East
- Contract with TVCable from Ecuador
- Contract with BCK Bank (Bank Gospodarstwa Krajowego)
- Start-up of a company in Spain
- E&Y: Cracovia excels in terms of the most stable financial situation among all other football clubs in Poland's top flight football league.

2015

- Launch of Comarch Beacon.
- Start-up of companies in Argentina, Brazil, Canada, Malaysia, Sweden, Turkey and Italy.
- Contract signed with Thomas Cook.
- Acquisition of Shares in Thanks Again LLC.
- Creation of the new entity Comarch Healthcare S.A. was created.
- Comarch as a main sponsor a Swiss football club Zug 94.
- The business development in Sandinavia: SAS and Norwegian have sign contracts with Comarch.
- BP has chooses Comarch Loyalty Management to enrich loyalty program in Spain.
- Comarch ERP iFaktry24 enters the French and German markets.
- Opening of the building office SSE6 office building in the Kraków Special Economic Zone.
- Cracovia ice hockey team wins the Polish Cup.
- Investment in office building in Łódź.

2016

- Technology partnership with Nokia.
- Investment in the office building SSE7 office building in the Kraków Special Economic Zone.
- The rugby team Esquela de Arquitectura from Madrid will play wearing shirts bearing the Comarch logo.
- Investment in Comarch Data Center in Lille.
- Comarch Cracovia wins the Polish ice hockey league 2015/2016.
- Comarch develops the "Pilgrim" application for mobile devices to support the pilgrims in Kraków for the World Youth Days 2016.
- Specialists from Comarch win got the second place in the NATO Hackathon competition.
- Comarch presents the prototype of a mobile management application using virtual reality technology, during the Finovate Europe conference in California.

2017

- Opening of a modern laboratory-production hall "IoT Lab" at Comarch campus in the Special Economic Zone in Czyżyny.
- During the Finovate Europe conference in London, Comarch presents prototype of a virtual investor assistant which uses elements of artificial intelligence for wealth management.
- Opening of the office building in Łódź.
- Acquisition of the Polish company Geopolis.
- Comarch Cracovia ice hockey team wins the Polish ice hockey league 2016/2017.
- Opening of a new subsidiary in Saudi Arabia.
- Comarch supports the Polish Museum in Switzerland's Rapperswil.



COMARCH STAKEHOLDERS

a) Stakeholder groups engaged by the organization:

- **Employees** (company employees and contract workers, interns, trainees, students and prospective employees, employees of sub-contractors and suppliers, the labor inspectorate and other similar inspection institutions),
- **Investors** (shareholders, institutional investors, retail investors, the Warsaw Stock Exchange, brokerage firms, banks, the Polish Financial Supervision Authority (KNF), the Central Securities Depository of Poland (KDPW)),
- **Customers** (institutional customers, retail customers, business partners, key suppliers, sub-contractors, local administrative agencies, central administrative agencies),
- **Society** (communities in which the Comarch Group operates, residents, local and central government authorities, media, universities and academia, industry associations and advocacy organizations),
- **Environment** (environmental organizations, waste management companies),

b) Stakeholder identification and selection was based on the definition of a stakeholder as an entity or individual that affects the Comarch Group and is affected by the Comarch Group's activities.

c) The organization's approach to stakeholder engagement:

- **Employees** (recruitment process, periodic appraisals, team meetings, Everybody news feed for employees, Intranet employee service, in-house publications, internal marketing, regular events promoting active lifestyle),
- **Purpose of communication:** zapewnienie stabilizacji rotacji zatrudnienia poprzez wyjście naprzeciw oczekiwaniom pracowników, zapewnienie pracownikom możliwości rozwoju, stworzenie satysfakcjonującego i stabilnego miejsca pracy.

- **Investors** (regular meetings at earnings conference calls in Kraków or Warsaw (including interactive on-line broadcasts), one-on-one meetings and teleconferences with the Company's Management Board, regular cooperation of the Capital Market and Insurance Department with stakeholders listed under a), the Investor Relations website, attendance at conferences held by financial and capital market institutions, e.g. banks, investment funds, WSE, KDPW, KNF, and the Polish Association of Listed Companies (SEG),

Purpose of communication: ensuring information transparency, meeting stakeholders' informational needs, creating Comarch's value and building its reputation,

- **Customers** (website, customer satisfaction surveys, business meetings relating to performance of contracts, and enhancing the quality of services provided),

Purpose of communication: customer expectations and experience surveys, designing business solutions in line with feedback from customers, developing customized products and solutions,

- **Society and local/central government authorities** (ongoing direct communication, sponsorship projects, establishing partnership, implementation of joint projects, healthcare education and disease prevention programs internship programs),

Purpose of communication: assuming social responsibility, supporting community development, helping students and graduates gain knowledge and experience, ensuring compliance with rules and regulations, creating jobs,

- **Environment** (environmental protection projects, cooperation with environmental organizations and waste management companies),

Purpose of communication: improving the quality of the natural environment, reducing energy consumption and pollution emissions, reducing the volume of waste generated.

DECLARATION OF POLISH BUSINESS FOR SUSTAINABLE DEVELOPMENT

In May 2014 Comarch signed the "Declaration of Polish Business for Sustainable Development", thereby committing to working towards the development goals set out in the 2050 Sustainable Development Vision for Polish Business. The Declaration comprises ten goals the attainment of which will enable a better standard of living and a wiser use of the planet's limited resources.

The signing of the Declaration was accompanied by the inauguration of Stage III of the 2050 Sustainable Development Vision for Polish Business. The attendees had an opportunity to learn about the measures proposed for Stage III of the 2050 Vision. The Declaration signatories can engage in the following working groups: social innovation, sustainable manufacturing and consumption, renewable energy sources, "greening" the new financial perspective, and small and medium enterprises.

The 2050 Vision project draws inspiration from an initiative launched by the World Business Council for Sustainable Development (WBCSD). The 2050 Vision is a joint project of the Ministry of Economy, the Ministry of Environment, the Responsible Business Forum, and PwC. The aim of the undertaken measures is to unite Polish business around the idea of sustainable development, to bring the related challenges to the attention of business representatives, and to enhance dialog between business and government in order to find specific solutions that will support the achievement of Poland's development goals. To further that aim, for a few years now, Comarch has been working with an electrical and electronic equipment recovery organization.

BY SIGNING THE "DECLARATION OF POLISH BUSINESS FOR SUSTAINABLE DEVELOPMENT," COMARCH HAS COMMITTED TO:

- Base our activities on extensive cooperation, innovative thinking and the education of our own employees and society at large
- Conduct business based on trust and dialog
- Cooperate with academic institutions and schools on the education of future employees
- Provide employees with opportunities and conditions for professional development
- Promote and support the implementation of new technologies
- Build infrastructure and run investment projects based on dialog and in line with the principles of sustainable development
- Take measures to reduce our adverse environmental footprint
- Introduce solutions designed to reduce energy consumption by adopting new technologies, optimizing processes and furthering education
- Communicate with the government and share our experience in areas relevant to business and the economy
- Promote ethical business conduct, including in relations with all stakeholder groups

AWARDS AND RANKINGS

RECOGNITION RECEIVED BY COMARCH

It is the second time that Comarch has topped the **Patriotic Index of Polish Business** ranking. During the ceremonial gala, the editorial team of the newspaper "Rzeczpospolita" honored the Kraków-based producer of teleinformatics solutions for a consistently maintained strategy of patriotism, which consists of honestly paid taxes, creating new workplaces, dynamic sales development on the domestic and foreign stage, financial input into research and development, and charity. The input into pro-social activity and support for non-governmental organizations was also appreciated.

In the "TOP 200" report by the Computerworld magazine, Comarch is listed as the leader in several categories: the company with the largest increase in employment and the largest supplier of mobile applications. Comarch has also proved victorious among IT suppliers for sustainable growth.

Comarch has become **the laureate of the award "Polish Company - International Champion" in the category "Exporter: Polish Private Company - Large Enterprises"**. The contest is a shared initiative of the consulting company PwC and the journal "Puls Biznesu". Its goal is to honor those Polish enterprises which are successful in foreign markets, while supporting not only their own development, but also being the motor for the growth of the entire economy.

Comarch is also among the enterprises which most efficiently derive benefit from the potential of researchers from the city of Łódź. The **Marshal of the Łódź Province** awarded the company with the prize for promoting "good practices" in the scope of shared projects in the field of science and business.

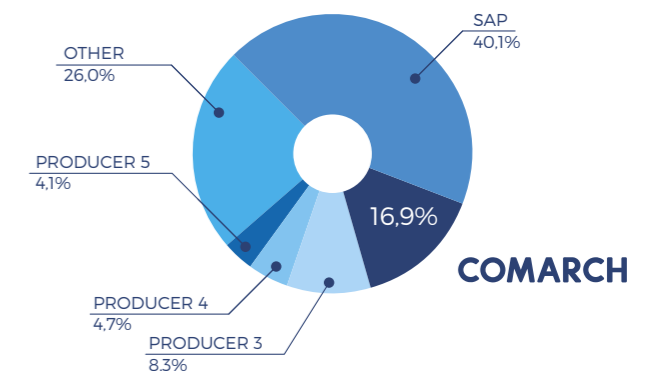


Every year the Polish Agency for Enterprise Development awards the title of **"The Employer of Tomorrow"** to entrepreneurs who successfully carry out educational activity directed at people who are preparing to enter the labor market. The award committee decided to make Comarch one of the laureates of this year's edition of the contest.

Comarch is also the recipient of the **Centaur Award, funded by the Embassy of the Republic of Poland in Rome**. The company has been rewarded for achieving the best results in the Information and Communications Technologies Sector category.



Yet another time in a row, Comarch has received the title of **"The Pearl of Polish Economy"**. The organizer of the contest is the English-language economy magazine "Polish Market", in cooperation with the Unit for Decision Support and Analysis of the Institute of Econometrics of the Warsaw School of Economics.



Comarch ERP on the Polish Market according to The Enterprise Application Software Market in Poland: Market 2016-2020 Forecast and 2015 Vendor Shares.

According to the most recent report of The Enterprise Application Software Market in Poland: 2016-2020 Forecasts and 2015 Vendor Shares, prepared by the research company **IDC, Comarch has, for another year in a row, strengthened its leading position among Polish suppliers of ERP systems** and has taken second place in the general classification taking in consideration both Polish and foreign companies. Comarch has also assumed the **leading position in the segment of small and medium-sized enterprises**.

Comarch has taken third place in the **IT@Bank 2016 ranking**. The best technological companies designing solutions for the financial sector have been awarded for the eleventh time.

Frost & Sullivan, an international consulting company, awarded Comarch with the title of **The Enterprise of the Year in the Scope of Solutions and Network Services in the Telecommunication Market in Latin America**. Thanks to successful collaboration with

COMARCH ACCORDING TO ANALYSTS

Comarch has appeared **in two reports of the business analytics company Gartner in the field of telecommunications**: Magic Quadrant for Integrated Revenue and Customer Management for CSPs and Magic Quadrant for Operations Support Systems. Both reports highlight Comarch's comprehensive portfolio of solutions, combining innovative functionalities with the possibility of easy adjustment to the clients' individual needs and demands.

The Celent agency report entitled "European Suppliers of Technologies for Estate Management – Front-to-back Office Solution Evaluation", published on 28 September 2016, indicates **Comarch as one of the leading experts in the field of software for the financial sector**.

Comarch has been named a "Strong Performer" in the scope of solutions for managing loyalty programs, in the Forrester company survey "2016 Forrester Wave: Customer Loyalty Solutions for Large Organizations, Q1 2016". Comarch has obtained the best marks for loyalty management, price structure and typical project size. For the two latter

the local telecommunication companies, Comarch is considered to be a significant partner in network transformations in the region.

In the ITwiz Best 100 ranking, Comarch has been listed as the company with the highest revenue from data center service sales, the highest sales of ERP systems, and the highest sales of web and mobile applications and Internet portals in Poland in 2015. Comarch is also listed among the top five largest IT exporters.

issues, the company was awarded the highest possible marks.

TPx Vendor Panorama 2016, published by the Promotion Optimization Institute, is yet another report in which Comarch, as the only Polish IT company, found itself among the leading suppliers of TPM/TPO technology. The ranking is meant to help producers of final goods to choose the solution which best answers their needs.

The Forrester agency report, entitled "Choose the Right Mobile Solution", indicates **Comarch as one of the best suppliers of software adjusted to the needs of the developing insurance market**. The report forms part of the agency's most recent guidebook on building mobile strategy in the field of insurance.

Gartner published the "Market Guide for Integration Brokerage" report, in which **the Comarch is represented as the only Polish IT company thanks to its EDI platform**. Analysts point to Comarch's many years of experience in the area of integration brokerage, and to the firm's dynamic growth.

RECOGNITION RECEIVED BY COMARCH EMPLOYEES

Andrzej Duda, the President of the Republic of Poland, honored Professor Janusz Filipiak, the founder and President of the Management Board of Comarch S.A., for exceptional service for Polish enterprise, with an Individual Award. Professor Filipiak received the reward from the President's hands during Congress 590, which took place on 17 November 2016 in Rzeszów. The President expressed appreciation for Janusz Filipiak's academic achievements, his many years of didactic activity, and his input in the development of Polish business. The President sincerely congratulated Professor Filipiak as recipient of the Individual Award, emphasizing that he had no doubt that the winner was a great personality in Polish business, indeed one of the brightest figures.

The Economic Council of the Małopolska Province and the Board of the Małopolska Province honored Professor Janusz Filipiak with a special award for exceptional services for the economic development of the Małopolskie Province, and for creating the image of the province as an innovative and modern region.

In the report entitled "**The Chief Financial Officer of 2016**" published by "Gazeta Finansowa" [The Journal of Finance] which presents 10 personalities of the world of finance who have an undeniable influence on the efficient functioning of the companies they work for, we find **Konrad Tarański, the Vice President and Chief Financial Officer of the Management Board of Comarch**.



Photographs: Krzysztof Sitkowski / KPRP.

COMARCH'S VENDORS AND CUSTOMERS

VENDORS

As IT is a global industry, our main suppliers are multinational corporations (hardware and software producers), their Polish subsidiaries, Polish distributors and IT outsourcing service providers. The Comarch Group's operations are not dependent on any individual or group of vendors. In 2016, none of our partners supplied products or services with a total value of more than 10% of the Group's revenue.

In line with the vendor analysis procedure in place at the Comarch Group, vendors are selected according to three criteria: price, order delivery time, and their general reputation on the market. Although the Company has adopted and remains committed to the Vendor Sustainability Policy, related processes are not monitored systemically.

Currently, we are working to further develop our vendor assessment and verification procedure. Before entering into cooperation with Comarch, each vendor will have to fill in a survey to answer questions about the vendor's quality systems, code of business conduct, sustainability, etc. The answers provided will be used to classify it as a preferred, second-choice back-up, or risk-posing vendor. At the second stage, verification will consist of assessing cooperation with contracted vendors according to the following criteria: price, order delivery times, ability to meet deadlines, ability to meet specified

requirements, quality, and general terms and conditions of cooperation, including complaint processing. Cooperation assessment will be mandatory for large vendors (high trading volumes), for vendors supplying the healthcare sector with critical elements in terms of safety, for projects subject to AQAP requirements, and for other projects considered strategic.

Surveys and vendor assessments will be stored in a dedicated system to enable automated periodic monitoring and report generation.

The design of the system is currently being analyzed in terms of its completeness and integrability with other IT systems. We expect the new procedure to be implemented in late Q3 2017.

VENDORS BY GEOGRAPHIC MARKET

Operating on a global scale, the Comarch Group identifies the following geographic markets: Poland, Europe, North America, South America, and Other Countries. Local vendors are defined as those which are headquartered in a country located in a given region.

Geographic market	Local vendors %		Foreign vendors %	
	2016	2015	2016	2015
Poland	97%	98%	3%	2%
Europe	46%	35%	54%	65%
North America	57%	19%	43%	81%
Latin America	37%	31%	63%	69%
Other	51%	52%	49%	48%

CUSTOMERS

Comarch offers and sells its information systems mainly to medium and large enterprises, which are also the largest buyers of IT solutions worldwide. Most products and services are dedicated to specific customer groups, with the exception of IT services, which are offered to a broad spectrum of customers. Our customer base includes both Polish and foreign companies. For many years now, one of Comarch's key strategic goals has been to expand on foreign markets, in particular in Europe and both Americas. The company's customer base is well diversified, and it is not dependent on one customer. In 2016, none of our trading partners accounted for more than 10% of the Group's total sales.

The Comarch Group's key values are responsibility for clients' success, openness to their needs, and respect for those needs. Comarch provides its clients with top-quality innovative IT products thanks to the expert skills, experience, and competence of its employees, and to collaboration with leading domestic and foreign R&D centers, always striving to ensure that the delivered IT solutions meet the highest standards and expectations.

GOVERNMENT RELATIONS

The Customer Satisfaction Survey Program is aimed at collecting feedback to allow Comarch to make the right improvements and consequently continue to raise the customer satisfaction level. Customers are surveyed regarding their experience with Comarch products and services.

SECURITY IN INTERNATIONAL BUSINESS

In order to ensure the monitoring and security of international trade in merchandise, technologies, and services that are deemed strategic to state security, the Comarch Group has implemented an Internal

Compliance System that guarantees compliance with local and international standards and laws.

CUSTOMER SATISFACTION SURVEY

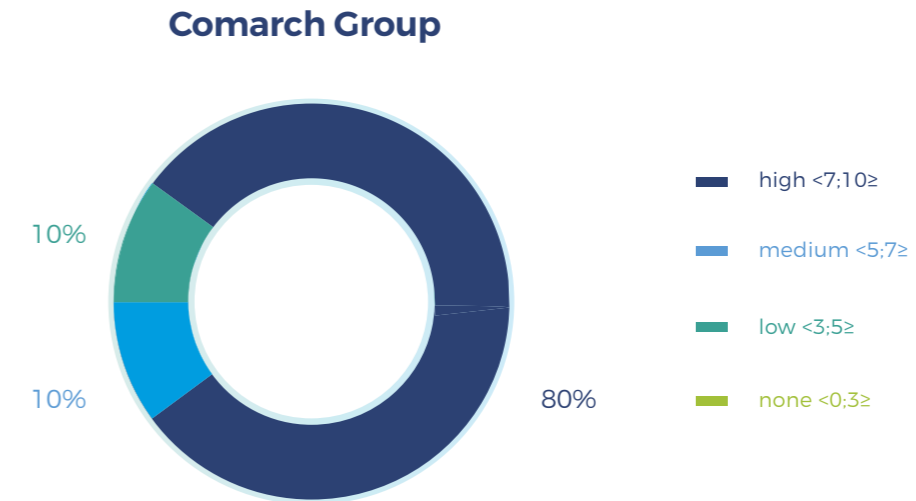
The core element of the survey is a short on-line questionnaire filled out by customers. It includes closed-ended questions with a 1-10 grading scale and open-ended questions. Respondents are divided into three customer groups: management, project leaders, and users.

Obtained feedback allows the correct prioritization of customer satisfaction enhancement measures.

Stages of the customer satisfaction survey:

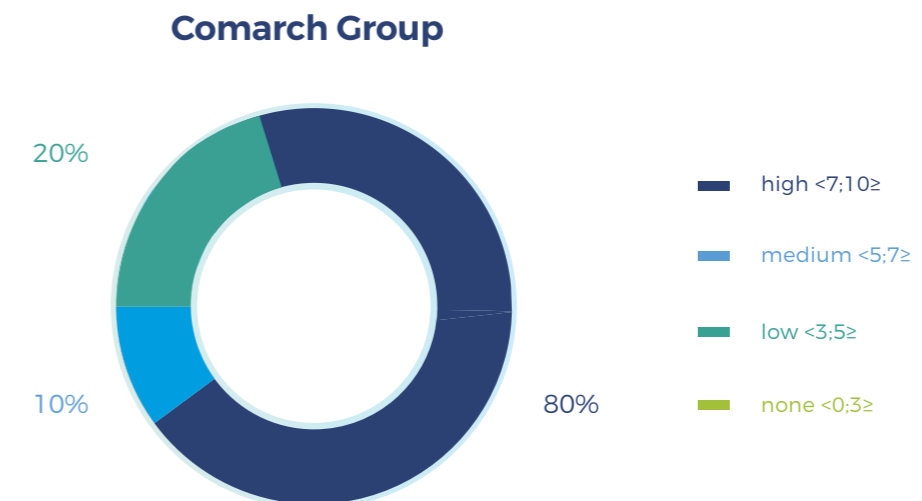
- Collecting customer feedback
- Analyzing reports
- Planning corrective measures
- Implementing corrective and preventive measures
- Verifying corrective and preventive measures taken

The chart below presents general customers' satisfaction with their cooperation with Comarch in 2016. This average customer satisfaction metric includes general satisfaction with cooperation with Comarch, likelihood of recommending Comarch products and services to other companies, likelihood of purchasing Comarch products and services in the future, price satisfaction (measured as the perceived value for money factor of Comarch products), and satisfaction with the Comarch sales process and the way the company handles contract negotiations and execution.



Grading scale: 1 – customer extremely disappointed; 10 – customer extremely satisfied

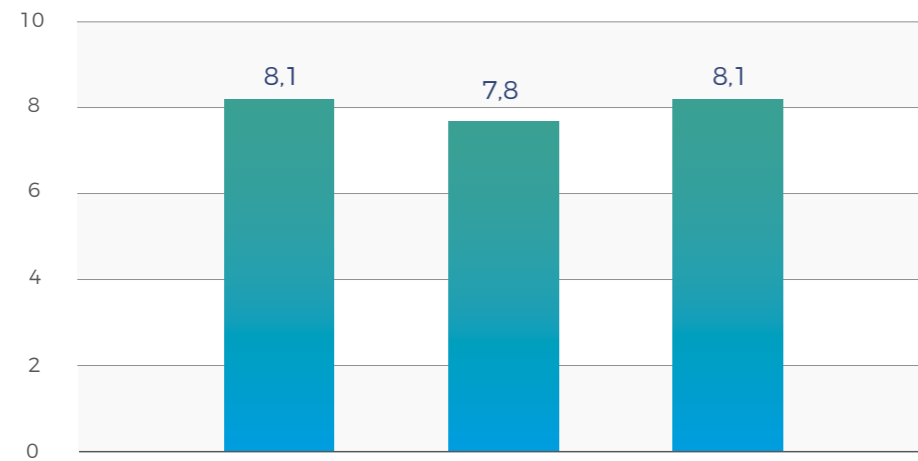
The following chart illustrates general customers' satisfaction with Comarch products and services in 2016. The metric includes general satisfaction with implemented products/implementation services/support and assistance services.



Grading scale: 1 – customer extremely disappointed; 10 – customer extremely satisfied

The following chart shows customer satisfaction with key types of projects implemented by Comarch, including satisfaction with implemented products, implementation services, and support/assistance services.

Comarch Group



Grading scale: 1 – customer extremely disappointed; 10 – customer extremely satisfied

According to our survey, the following aspects of customer experience are those from which customers of Comarch S.A. and other Group companies derive most satisfaction:

- High standards of business conduct and good communication skills.
- Employees' know-how and expertise.
- High quality of services.
- Customer-orientation.
- fast response to notifications.
- Flexible approach to software customization.
- Product quality.



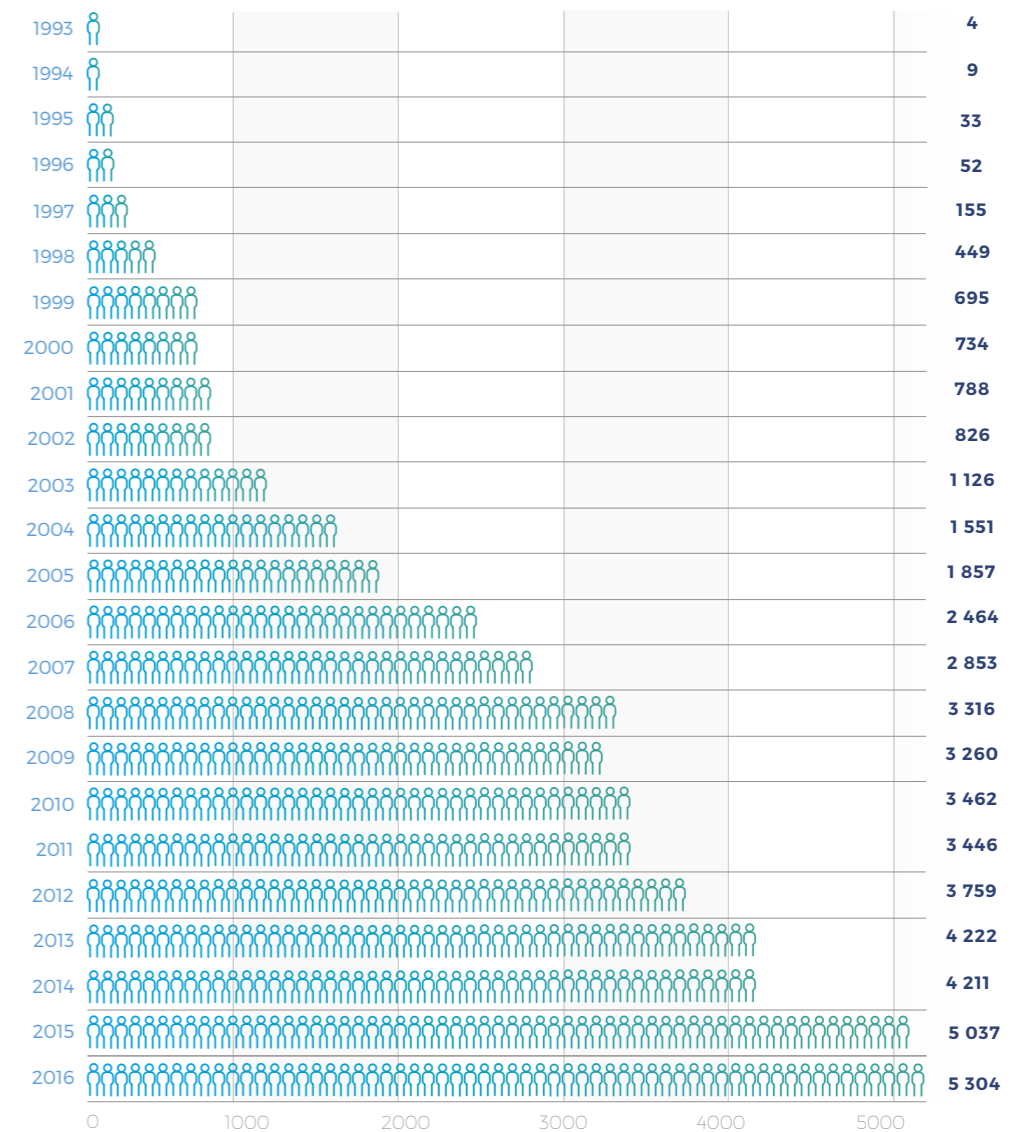


COMARCH CORPORATE SOCIAL RESPONSIBILITY

HUMAN CAPITAL

The Comarch Group's dynamic business expansion has been driving the growth of its human resources. In 2016 alone, as many as 267 new employees joined Comarch, mostly after first completing our 14th summer internship program. Each year, approximately 300 students take part in the program, with 70% of them later entering into a long-term employment relationship with the company and developing their careers there.

In 2016/2017, Comarch also opened its "IoT Lab", a state-of-the-art laboratory with manufacturing facilities, and a new data storage and processing center on its campus in the Czyżyny Special Economic Zone, Kraków, Poland. Development of our own infrastructure will allow Comarch to create more than 400 jobs across the Internet of Things, healthcare IT solutions and data analytics sectors.



HR TOOLS AND PROCESSES

The dynamic growth of human resources has committed Comarch to continuously enhance its business processes so that they enable the optimum professional development of its workforce.

HR TOOLS



Induction of new employees (First Step program, individual guidance for new staff)



Building career paths - 13 career development profiles



Internal recruitment opportunities



Tailor-made periodic appraisal interviews, including including employee self-assessment (attended by over 90% our workforce), provide employees with an opportunity to share their perspective with their managers



Individual employee development plans, including training schedules, with some trainings held at Comarch's dedicated training center



Improving the management's competences through training (Comarch Management Academy), discussion panels, development center, individual consultations with HR Partners, guidance for new managers, and continuous efforts to enhance the quality of human resources management

INTERNSHIP PROGRAM

In 2016, the company held the 14th edition of its summer internship program, designed as a launchpad for a career in the IT industry for students of IT and of other, related disciplines.



Once again, more than 300 people were given an opportunity to develop their programming skills under the watchful eye of Comarch experts. Having completed a 3-month paid internship, 70% of them signed long-term contracts with the company. Just as the previous editions, the 2016 program enjoyed immense popularity—out of a total of over 3,300 applicants, 2,611 were invited to take qualification tests. Internship positions were offered by 10 of the Comarch branches across Poland, with selected students able to choose one of three internship profiles

– programming, system engineering or embedded. What really makes the Comarch internship program stand out is that our student interns work on actual business projects instead of merely solving mock learning-aid tasks. Each year, many of our employees assume the roles of internship group tutors and coordinators helping students in taking their first steps on the path to becoming programmers.

– The Comarch internship program presents a great opportunity to test and extend the knowledge you have gained at university. Besides enabling students to apply their technical skills in practice, we also create an environment where they can develop their soft competences, learning how to establish relationships and work as part of a team. They are encouraged to present their own solutions and opinions. Before effectively joining the Comarch team, they are inducted into our work environment through a series of training sessions, including one dedicated to workplace policies and guidelines. Our commitment to building a positive and friendly work atmosphere is reflected in the program statistics, i.e. most interns stay with the Company for a long time following their internship. Comarch's efforts. Comarch's efforts in this area have been recognized by the Polish Agency for Enterprise Development (PARP). In 2016, we were awarded the Employer of Tomorrow prize for the measures we had been taking to help young employees gain professional competences sought by employers – says Radosław Chłodobicz, Employer Branding Manager.



COMPETENCY ACADEMY

Comarch has also been successfully helping students of economics and other related fields take the first steps in their professional careers. To that end, the Company, in partnership with the Kraków University of Economics, has already held five editions of the Comarch Competency Academy, a project designed to teach students know-how and practical business skills in various areas, including IT project management, investment portfolio management, or innovative IT systems for enterprise management. Its participants attend regular workshops delivered by Comarch professionals at the company's headquarters. The workshops are focused on practical learning, and most Academy graduates are given an opportunity to join Comarch, e.g. by taking part in the paid summer internship program.

INDUSTRIAL DESIGN - INTERNSHIP FOR DESIGNERS

Seeking a fusion of design and state-of-the-art technologies, Comarch has partnered with the Kraków Academy of Fine Arts. Under an EU-funded project, we jointly invite fine arts students and graduates to take part in our summer internship program and offer them opportunities to work in the areas of UX, 3D design or industrial design. The Industrial Design internship program is set to continue in 2017.



Comarch campus, Special Economic Zone in Kraków

CSR CALENDAR

IT Run
May
Wrocław

Harpagan Orientation Run
April
Gdańsk



Bike Challenge
September
Poznań

IT Run
May
Wrocław



Polish Amateur Open Dragon Boat Racing Championship
September
Kraków



Cracovia Marathon
May
Kraków



Philips Piła Half-marathon
September
Poznań

Szpot Swarzędz Run
May
Poznań



Three Mounds Run
October
Kraków

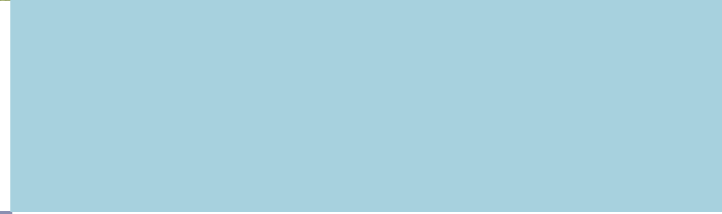


Lublin IT Football Championship
May
Lublin

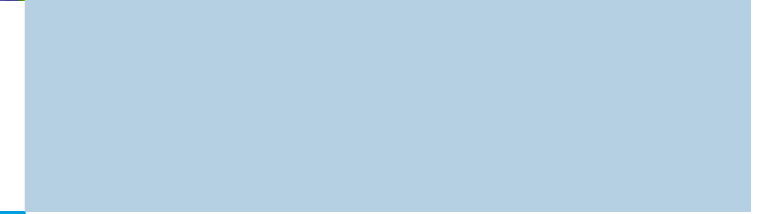


Biegnij Warszawo Run
October
Warsaw

Color Run
June
Poznań



Poznań Marathon
October
Poznań



4RestRun
September
Kraków

Warsaw Uprising Run
July
Warsaw



PZU Cracovia Half-marathon
October
Kraków




National Independence Day Run
November
Warsaw



Lechites Run
September
Poznań

Firefly Run
December
Kraków



1906 r.
Established in

ONE OF POLAND'S OLDEST SPORTS CLUBS

5 - time champions of Poland

12 - time champions of Poland

16 years of sponsorship by COMARCH

Cracovia Kids and Cracovia Akademia

2016 r. debuted in the Champions Hockey League

TRADITION AND VALUES:

- Cherish tradition and shape your own future
- Embrace fair play and always pursue victory
- Show true emotions every day
- Learn what really matters in life

CRACOVIA

SPORTS AND HEALTHY LIFESTYLE

For almost 20 years, Comarch has been actively promoting sports among young people and other residents of the Kraków region, mainly through sponsorship of the MKS Cracovia sports club. Company employees are also encouraged to lead an active and healthy lifestyle.

CRACOVIA

Saint John Paul II, a lifelong fan of MKS Cracovia, used to refer to the club as "my dear Cracovia." Comarch has been sponsoring the club for 16 years (since 2001). Cracovia is Poland's oldest uninterruptedly run association football club. Its history, spanning more than 100 years, makes it a legend of Polish soccer, and thanks to Comarch it has regained its position as a strong Polish sports brand. According E&Y, with its high and diversified revenues, good liquidity, and properly balanced budget, Cracovia has been one of the best managed Polish clubs in recent years. What is also important, it has maintained a reputation as a reliable and solvent employer, a quality shared by too few of the soccer clubs in the country. Comarch has a 66.11% ownership interest in MKS Cracovia SSA, which is a guarantee of the club's stable position.

The Cracovia Soccer Team has won five Polish league titles, while the Comarch Cracovia ice hockey team It debuted in mid August 2016 in matches against the HC Sparta Prague and Färjestad BK. Although Cracovia's 110-year-old history has been marked by great triumph

and success, including numerous Polish league titles, there is more. It is also a history of generations committed to fair play, respecting one's competitors, and good sportsmanship values, i.e. dedication, ambition and discipline. In line with its distinguished tradition of youth training, the Stripes, as Cracovia is often referred to by its fans, have been promoting the Cracovia Champions Academy and Cracovia Kids projects. Comarch employees and their families can cheer their team during matches played in Kraków.

- Cracovia is unique as a club. Not because we've invested in it, but because it's the oldest sports institution in Poland. It's been run continuously since 1906. Kraków itself is unique too. I'm not saying this because of my personal attachment. It's one of few Polish cities whose populations weren't displaced in the course of the two World Wars. There are people in Kraków whose great grandparents or grandparents used to watch Cracovia games and shared that passion with their children and grandchildren, who today live it too together with their own children. Regardless of the club's position in the football or ice hockey standings, this tradition continues to be handed down from generation to generation. That's value. Kraków would never forgive us if Comarch exited this investment, so it's not an option for us. Cracovia is a value in itself. We treasure that, as Comarch is headquartered in Kraków. The city's residents and our employees expect us to make a more meaningful contribution to the community than through merely creating jobs - says professor Janusz Filipiak.



2016/2017 Polish Ice Hockey Championship, final match between GKS Tychy and Comarch Cracovia

ACTIVE COMARCH

The program of our annual open-air event for Comarch employees and their families includes a number of sports competitions. Intense rivalry in the Comarch World Cup, the Volleyball Tournament and the President's Run generates considerable excitement each year. Sports activities are also a regular part of a lot of our team building events.

Comarch employees are also encouraged to take part in third-party sports events. Money raised through most of them is donated to charity.

In 2016, the company was represented in more than a dozen such competitions, including the Cracovia Marathon, the Three Mounds Run, 4RestRun, the Lublin IT Football Championship, the Szpot Swarzędz Run, the Color Run, the Philips Piła Half-marathon, the Lechites Run, the Poznań Marathon, the Bike Challenge, the National Independence Run, the Warsaw Uprising Run, the Biegnij Warszawo Run, the IT Run, and the Firefly Run.

The last year also saw Comarch's first dragon boat racing team taking up training on the Vistula River by the Wawel Hill in Kraków and finishing as the runner-up in the Amateur Polish Dragon Boat Racing Championship held in our city.



Comarch Team - 2016 Three Mounds Run



Comarch Team, Polish Dragon Boat Racing Championship



The summer of 2016 was the second time that Comarch employees had an opportunity to rise to the training challenges of the ComarchONrun and ComarchONbike trials. For three months, employees could take part in sports contests, each month being challenged to a different trial.

Their goal was to promote outdoor activity and regular training as well as to stimulate creativity and a spirit of competition among our employees. The initiative enjoyed considerable popularity and generated positive feedback from employees, which is why it is continued in 2017.

COMARCH ONbike

- ▶ May trial: Comarch employees took part in a total of 954 cycling training sessions in one month alone!
- ▶ June trial: statistically, each of the active competitors cycled a distance of 266 km throughout the month, with the leader having covered 1433 km!
- ▶ July trial: our cyclists together covered a total distance of 31,400 km. If they had been taking part in a cycling relay, they could have cycled around Poland nearly... nine times!

COMARCH ONrun

- ▶ May trial: our runners together covered a distance of 165 marathons. Statistically, each of them ran 1.5 marathons.
- ▶ June trial: if the runners had been taking part in a relay race, its track would have been equal to the distance between San Francisco, the U.S. West Coast, and New York, on the U.S. East Coast (4,700 km).
- ▶ July trial: if our athletes had been running along a relay race track, they would together have covered a distance equal to the length of the Amazon, the world's longest river (7,200 km)



Bicycle Breakfast, Comarch Kraków Headquarters

BIKING TO WORK

Comarch employees are also encouraged to commute to work by bike. They can use dedicated bicycle infrastructure and take part in regular cycling-related events. During the annual Bicycle Breakfast, those who ride a bike to work on that day receive healthy snacks. In all of Comarch branches across Poland, cyclist received approximately 500 breakfast packs and could learn how to increase their safety when riding in traffic after dark. The educational part of the project was also addressed to drivers, who received a pocket guide on best practices to follow when they see cyclists in traffic.

SPORTS SPONSORSHIP BEYOND POLAND

Comarch appreciates the hard work and effort that athletes put into their training, which is why it has extended its sponsorship to new sports clubs. Since 2015, it has been the main sponsor of the Swiss Zug 98 Soccer Club. It has also been supporting the rugby team of the Arquitectura Sports Club, run by the Faculty of Architecture of the Technical University of Madrid.

DEDICATED BICYCLE FACILITIES



Free bicycle repair service for employees - 350 bicycles repaired



Educational events



Shower facilities in almost all Comarch buildings



New bicycle racks



Bicycle shelters (some roofed)



Self-service repair stations for employees

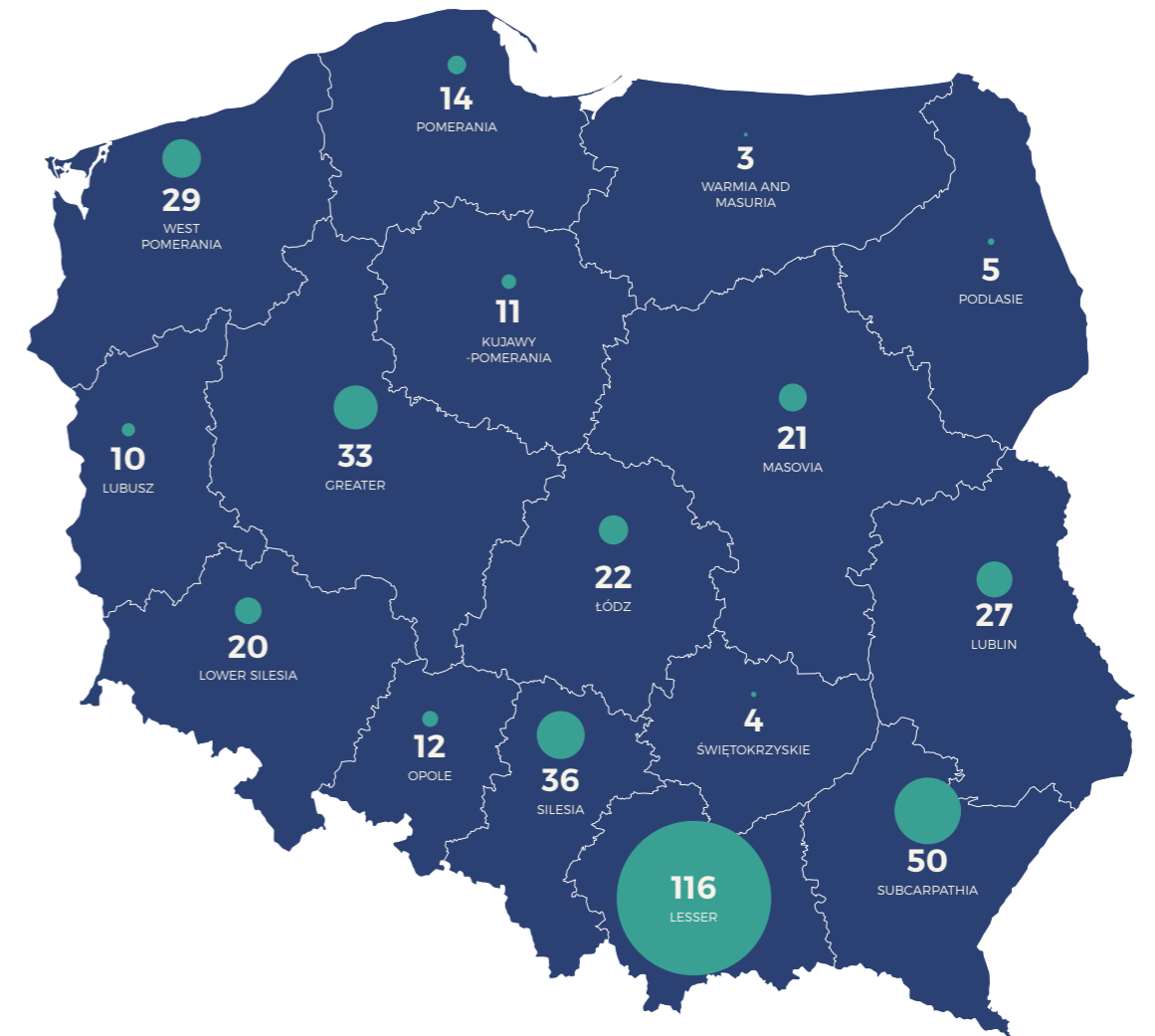


Drying room

COLLABORATION WITH UNIVERSITIES

Since its establishment, the Company has been working together with schools, colleges, universities, and other education centers, including AGH University of Science and Technology, Wrocław University of Science and Technology, Silesian University of

Technology, Jagiellonian University in Kraków, and Kraków University of Economics. Our employees contribute their expertise to various projects, contests, workshops, and symposiums. Acting at grass roots level in all of our branches, they set up initiatives which entail dedicating their own time to students during specialist courses or one-time events.



Student editions of Comarch systems shared with universities - by province

PROMOTION OF SCIENCE

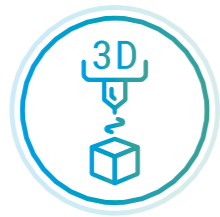
In 2016, Comarch helped organize the Małopolska Researchers' Night for the second time. Over the years, the Night has become one of the best recognized popular science events in the Kraków Region,

its main idea being to show visitors that researchers' work on new technologies is absolutely gripping.

Comarch employees who engaged in organizing the event on the premises of the Kraków Special Economic Zone set up attractions for all age groups.



Lego brick programming lessons



3D printing



Humanoid robot



Realm of chemical experiments



First aid workshop



Lecture on online safety



Presentation of state-of-the-art

PROMOTION OF CULTURE

For a few years now, the Company has been sponsoring various artistic events. In 2016, Comarch was the main partner of St. Mary's Organ Music Festival for the second time. The festival comprised eight concerts performed between August 2 and September 20, by some of the most renowned names in the world of organ music. Its main aim was to promote organ music among both professional musicians and amateur music lovers alike.

Last year, Comarch also once again sponsored the Last Night of the Proms, an event which is inherent part of Kraków's cultural life. Its inception was inspired by the UK's most important annual classical music event – The Proms, which is a series of classical music promenade concerts.

In September, Comarch sponsored the Art of the Future Foundation's Nowa Huta Alternative Festival, with performers including Kazik Staszewski accompanied by Kwartet Proforma, Wu-Hae, Piotr Wróbel,

Stonerror, Five Stitches, Natty Dead, Doomsday, and the winners of an amateur music band contest.

Cultural events often serve charitable purposes. In 2016, Comarch not only sponsored a charity concert for Bohdan Smoleń, a legendary Polish comedian, but also donated items for sale at a related fundraising auction.



"Kraków artists for Smoleń" – a charity concert for Bohdan Smoleń



Rapperswil, Switzerland

SUPPORT FOR THE POLISH MUSEUM IN RAPPERSWIL

Comarch is going to financially support the Polish Museum in Rapperswil, Switzerland. It is one of the oldest Polish institutions of its kind, boasting a vast collection of paintings, medals, ancient maps, sculpture and militaria related to Polish culture and history.

Founded 140 years ago by count Władysław Plater, the Museum is located in the historical 13th-century Rapperswil Castle. It played an important role in the cultural life of Polish émigrés and in the activities of the Polish national independence movement.

– We are very happy to have received financial support from Comarch, a Polish company with global operations and a strong financial position. The company's support reflects its attachment to the shared history of Poland and Switzerland – says Anna Buchmann, Director of the Museum.

The castle rooms house numerous cultural treasures, including religious items, historical paintings, and historical documents.

– I recommend, to the Swiss, to people coming from neighboring countries, and particularly to Poles, visiting the Museum and experiencing the centuries-old Polish culture and history in the ancient atmosphere of the castle. Our intention is to establish long-term partnership and collaboration with the Museum. We will try to support it also by promoting it in Poland and among Polish people living in countries where Comarch operates, – says Professor Janusz Filipiak, Comarch's founder and CEO.

The Polish Museum in Rapperswil, located by Lake Zurich, is a successor of the Polish National Museum, founded in 1870 by Polish émigrés. Its permanent exhibition comprises paintings by Polish artists, including members of the Munich School, 18th-century miniatures, snuffboxes with Polish cavalry motifs, memorabilia of the life of Maria Skłodowska-Curie, Ignacy Paderewski and Fryderyk Chopin, and antique prints. The collection also contains paintings by Józef Brandt, Józef Chełmoński, Teodor Axentowicz, Jacek Malczewski, medals, antique maps, sculptures, militaria, and memorabilia, including some connected with soldiers of the 2nd Polish Infantry Rifleman Division, interned in Switzerland during the Second World War.

FOR THE YOUNGEST ONES

Comarch-owned Cracovia has been actively engaged in helping the young. Both soccer and ice hockey players not only get involved in various events in person, but also encourage their fans to do the same.

Teddy Bear Toss is a popular, globally held ice hockey event. In 2016, Cracovia brought it to Kraków once again. Hundreds of teddy bears tossed onto the rink during matches played by the "Stripes" were handed by the players to the patients of the University Children's Hospital in Kraków and children from foster homes.

Cracovia players visit the hospital not only to donate collected gifts to patients but also to spend time with them, e.g. during easter egg painting workshops.



Comarch Cracovia is actively involved in charitable projects

2016 saw the third Clean Angel initiative consisting in a charitable collection of cleaning products for children from underprivileged Kraków families. On the anniversary of the death of Saint John Paul II, who was closely associated with the club, Cracovia organized collections of food and cleaning products for foster family homes in Chrzanów and Dursztyn, which bear the name of the club's distinguished supporter.

The I'm playing for you initiative was also continued. In each league game, a different player of the "Stripes" wore a special shirt with the names of patients from the Kraków Children's Hospice. After the game, the shirt was signed by the entire team and then auctioned to raise funds for the Hospice.

The club also eagerly supports charitable projects organized by others, including the Great Orchestra of Christmas Charity, to which it donates t-shirts, balls, scarves and calendars for fundraising auctions. Players also visit school children during PE classes and give free skating lessons on the Kraków ice rink during skating nights.

HELPING PETS

Committed to helping homeless pets, Comarch employees are involved in annual charitable events dedicated to animals. In 2016, we once again held collections for animal shelters and animal welfare charities at our Kraków headquarters and several branches throughout Poland. We managed to help as many as ten organizations.

PLANTING KRAKÓW

Comarch employees and their family members planted 300 yews around one of the traffic circles in Kraków. The event was organized together with the Municipal Park and Plant Administration, and will be repeated in the future.



Planting yews around a traffic circle in Kraków

GRANT CONTEST

In 2016, Comarch held two editions of the #ComarchCares grant contest, where teams of our employees partnered with third-party institutions and submitted projects aimed at supporting local communities and stimulating their development in one of the following areas:

- new technologies
- environmental protection
- culture
- education
- sports
- addiction prevention
- promoting the welfare of the disabled, youngsters from underprivileged families, and seniors

The winners were awarded grants of PLN 2,500 each for implementing their projects. In 2016, the contest was held in spring and in autumn, with a total of three employee teams receiving grants.



Sailing camp for children from a day care center - #ComarchCares grant contest

IMPLEMENTED PROJECTS

Project #1: Sailing camp for children from a day care center

The project was implemented in partnership with the You can Voluntary Organization, which is dedicated to helping people from underprivileged families who have to cope with various problems. For many of them, the camp was the only opportunity to enjoy a summer vacation.

Sailing is a sport which teaches teamwork and stimulates physical, social and cognitive development. The project was aimed at preventing social exclusion and addiction, as well as improving the emotional and social functioning of the participants.

By being active and fulfilling demanding tasks, they learned the meaning of responsibility, thus also building their self-esteem. The youngsters were encouraged to take part in various activities, including swimming, sailing, sightseeing, socio-therapeutic workshops, and outdoor games.

Project #2: Disabled youngsters' visit to an agrotourism farm

The project was implemented in partnership with the Special School and Educational Center No. 2 in Lublin, which provides care and education for disabled children and teenagers. During their visit, the participants had an opportunity to learn about farming machinery, to see different animals, including reindeer, Scottish and Hungarian cattle, llamas, mouflon, emu, storks, sheep, and goats, and to take part in group games and contests.

Many of the pupils came from underprivileged families. By taking part in the project, youngsters with intellectual disabilities could acquire new social skills and competences required in environments other than school. Projects of this kind are also valuable as they contribute to shifting the social perception of people with intellectual disabilities

Project #3: Programming workshop for school children from a small community

The project was implemented in partnership with the Nicolaus Copernicus School and Kindergarten in Nidek.

An mBot programming workshop using the Scratch language was delivered to second graders by Comarch employees during the winter break. Before the workshop, the pupils helped organize a Christmas fair. Part of the funds raised were allocated to buying new accessories for the robots. Participation in the fair allowed the children to realize the importance of a personal contribution in achieving goals.

The workshop also included a rehabilitation component delivered by an oligophrenopedagogy-qualified teacher to an autistic pupil. The component was aimed at enhancing the boy's cognitive skills and strengthening his position in his peer group.

COMMITMENT TO SENIORS

2016 was another year in a row when Comarch Healthcare and the iMed24 Medical Center took part in senior activation projects. The company focused on promoting technological solutions for the elderly (telecare) and teaching seniors how to operate modern medical devices. Representatives of Kraków senior activation centers established by Dr Anna Okońska-Walkowicz, the Senior Policy Adviser to the Mayor of Kraków, tested Life Bracelets and NoMED-AF vests, which are Comarch Healthcare medical devices dedicated to senior care.

Comarch Healthcare and iMed24 also held several local conferences aimed at raising awareness of the digital exclusion of senior citizens.



Kraków seniors learning about telemedicine at a conference held by Comarch Healthcare



RESEARCH AND DEVELOPMENT PROJECTS

RESEARCH AND DEVELOPMENT PROJECTS

With the globalization of the world economy and the liberalization of trade, companies and their products face fewer and fewer barriers. The IT market is becoming an open global market where the quality and prices of available products and services are being constantly compared. With the increasing presence of foreign capital in Poland, even companies operating solely on the Polish market need to offer products that prove competitive from the global perspective. Since its very beginnings, Comarch has established its reputation as a developer of state-of-the-art products, which it has been able to sell successfully across domestic and foreign markets. Therefore, the development of new, competitive products which will ensure the Company's further growth and a continuous increase in its value remains Comarch's main strategic goal. Investments in product development, promotion, and marketing are essential to maintaining strong sales growth. This concerns both the modifications of the existing portfolio as well as the creation of entirely new solutions.

Comarch's policy involves the conduct of R&D relating to the implementation of new products as well as the standardization of products from the very moment they start being developed for a client. Even if a product is highly customized, such approach allows the software/code, or at least part of it, to be reused to develop another standard product.

This results in higher margins on individual contracts and a broader customer base. In 2016, Comarch spent PLN 169.1 million on R&D, i.e. more than 15.2% of the Group's revenue. The company allocated its own assets, as well as actively obtaining EU funding to finance these works.

CO-FUNDED PROJECTS

Comarch SA

H1 2016 saw completion of the "Situation AWare Security Operations Center" (SAWSOC) project, co-funded under the EU's 7th Framework Program.

The "Health City" project continued to be implemented under the Smart Growth Operational Program, Measure 1.1. Business R&D Projects, Sub-measure 1.1.2 Creating and Developing Pilot and Demonstration lines in enterprises.

Under the same Program, Measure 2.1. Support for Investment in R&D Infrastructure of Enterprises, the company implemented the "IoT R&D Lab" project.



Comarch Healthcare SA

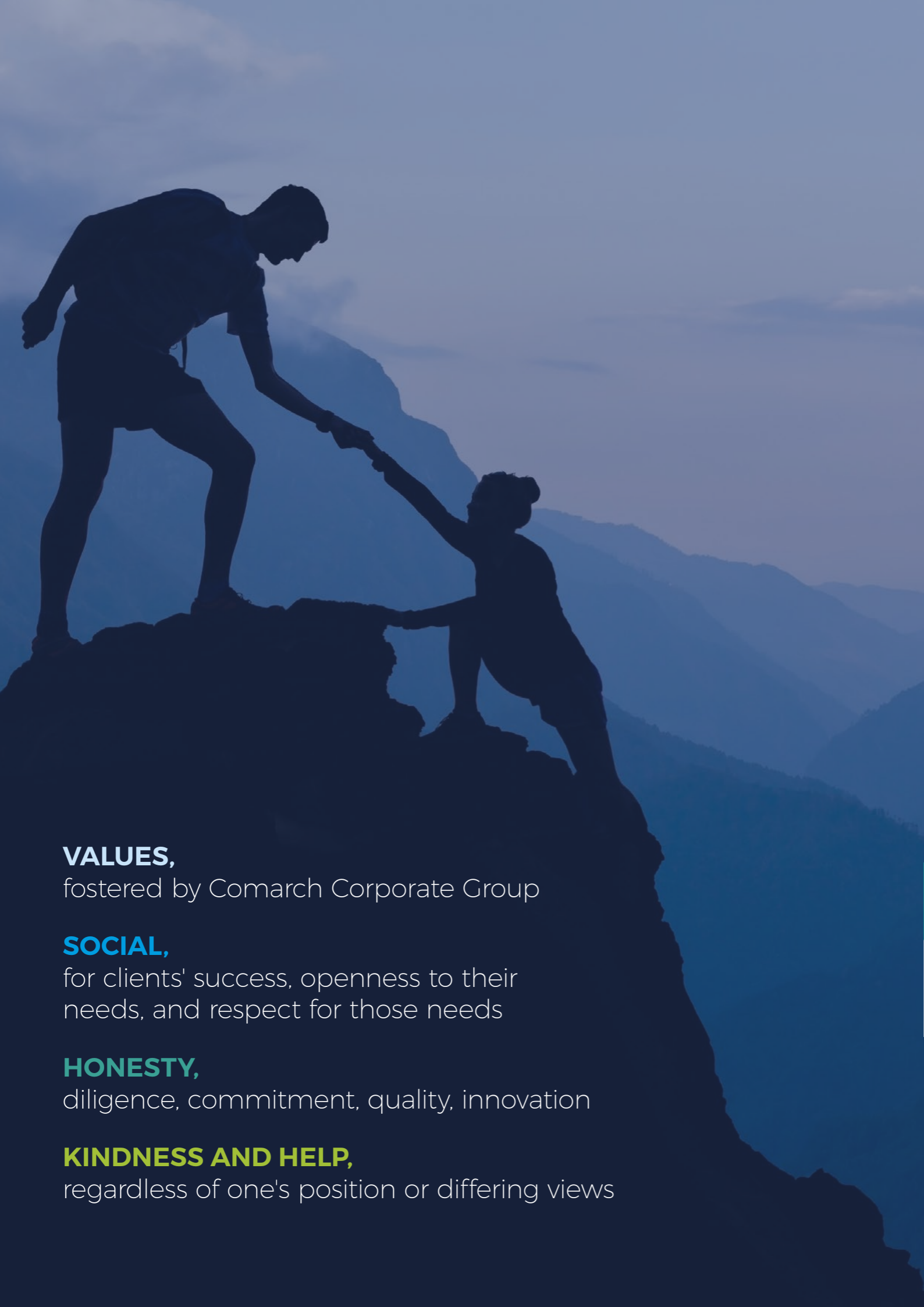
In 2016, under the "STRATEGMED II – Prevention and Treatment of Diseases of Affluence" strategic research and development program, the company signed a co-funding agreement for the "Non-invasive Monitoring for Early Detection of Atrial Fibrillation" project (NOMED-AF).



The "Research into Spatial Navigation Methods for Endoscopic Diagnosis of the Peripheral Lung Nodule" project, in which Comarch Healthcare SA was a partner, continued to be implemented under the Applied Research Program.

The "Situation AWare Security Operations Center" (SAWSOC) project, co-funded under the EU's 7th Framework Program, was completed.





VALUES,
fostered by Comarch Corporate Group

SOCIAL,
for clients' success, openness to their needs, and respect for those needs

HONESTY,
diligence, commitment, quality, innovation

KINDNESS AND HELP,
regardless of one's position or differing views

COMARCH CODE OF CONDUCT

The Comarch Group understands how important it is to operate constantly in accordance with applicable laws and regulations, and in compliance with ethical standards.

As a leading IT company, Comarch has a duty to promote ethical conduct and wants to join the worlds CSR, human rights, and environmental protection leadership. All of the company's employees are responsible for achieving this goal.

The Code of Conduct in place at the Comarch Group has been approved by its Management Board, which will at regular intervals assess how the rules are followed and update its contents accordingly.

The Code reflects the values that Comarch holds and wants to adhere to. For the Comarch Group's employees, it provides a standard of conduct in their relations, business or other, with colleagues, superiors, clients, partners, and local communities.

The Comarch Code of Conduct is made available and propagated by the PR unit of Comarch SA.

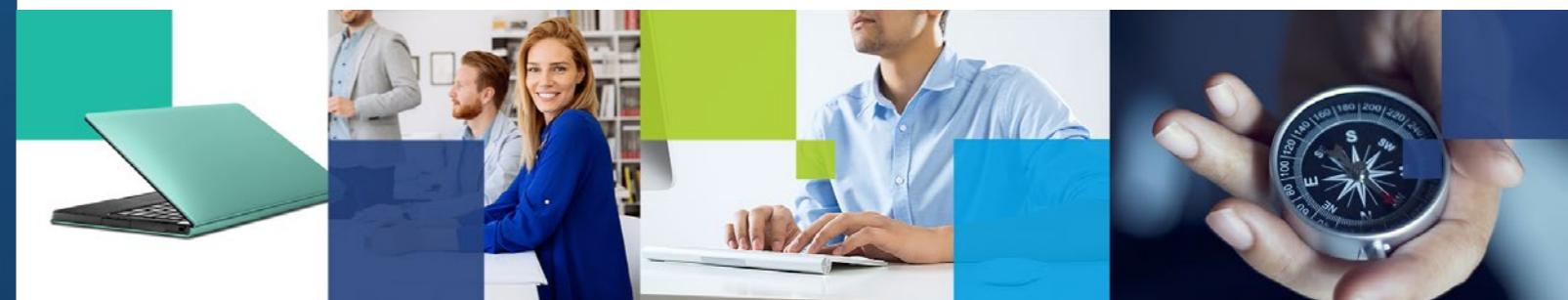
You can read the complete Comarch Code of Conduct at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/kodeks-etyczny/>

Any ambiguity, doubts, or other issues relating to the interpretation of the Code of Conduct are resolved by the Compliance Officer appointed by the Management Board. Comarch employees are encouraged to submit any comments or amendments to the Code.

The Compliance Officer is responsible for:

- supporting employees in complying with the Code of Conduct
- promoting the Code within the Company
- updating the Code
- taking necessary steps to deal with employees' ethical issues concerning their business actions.

Employees can raise questions with the Compliance Officer using a dedicated e-mail address, and are entitled to their response and support. In addition, they can report any non-compliance incidents anonymously, using the company's internal postal system. According to the non-compliance records, two reports were filed with the Officer at the dedicated email address in 2015, and one in 2016. None concerned violation of labor laws or regulations.



CORPORATE GOVERNANCE

Corporate governance is a set of rules of conduct for companies, members of corporate bodies, and majority and minority shareholders. Corporate governance rules apply to the general management of a company. The company is subject to a new code of corporate governance known as the "Best Practice of WSE Listed Companies 2016" as adopted by the WSE Supervisory Board in 2015.

WSE listed companies issue annual reports on compliance with the Code of Corporate Governance as set forth in the **Best Practice of WSE Listed Companies**. On 28 April 2017, the Management Board of Comarch SA issued its annual report, to which it appended a report on Comarch SA's compliance with the Code of Corporate Governance in 2016.

The Management and Supervisory Boards of Comarch SA exercise the utmost care to comply to the greatest extent possible with the rules laid down in the Best Practice of WSE listed companies that are subject to the "comply or explain" principle, which requires that any infringement of a rule must be unambiguously communicated to the market. In 2016, Comarch SA did not comply with the recommendation concerning the exercise of the right to vote during a general meeting either in person or through a proxy in a location other than that where the general meeting is held, using electronic communication. The company does not also follow part of the recommendations relating to remuneration policy. You can find more details on the subject in Comarch SA's report on compliance with the Code of Corporate Governance in 2015.



You can access the full version of the report on compliance with the Code of Corporate Governance at:
www.comarch.pl/relacje-inwestorskie/lad-korporacyjny

ZERO TOLERANCE FOR CORRUPTION, AND FAIR COMPETITION

The Comarch Group observes fair competition, anti-bribery, illegal payment prevention, and anti-corruption regulations.

It is mandatory for Comarch Group employees to refrain from any actions leading to conflict of interest, i.e. accepting or offering any gifts in the conduct of business. It is strictly forbidden to offer bribes or any other illegal advantage to government officials or political party representatives in order to obtain or retain business. Comarch employees cannot derive benefits or assist in deriving benefits from any such opportunities as may arise out of or be related to the use of insider information or their position in the company.

Pursuant to the company's internal regulations, employees are required to report any gifts from

customers or vendors, using a dedicated e-mail address. In 2016, four such reports were filed, a number comparable to the total for 2015.

Internal financial and accounting processes are built on IT systems which require multi-step decision-taking and verification. Access to key data and functions is restricted and monitored, while all actions taken are recorded in a log. These safeguards are intended to prevent unauthorized transactions by personnel.

The above rules are set out in various company documents, including Section 5 of the Comarch Code of Conduct. However, to enhance their consistency and enforceability, the company is currently working to develop a separate Anti-Corruption Policy, which is scheduled for adoption for H2 2017.

Declaration of Polish Businesses for Sustainable Development

Aware of the challenges faced by the Polish economy and fully recognizing the need to pursue a path of sustainable development, we, the undersigned, hereby commit:

- I. To running our operations based on extensive cooperation, innovative thinking and education of our own employees and society at large.
- II. To carrying out business based on trust and dialog.
- III. To cooperating with academic institutions and schools in the education of future employees.
- IV. To creating conditions and opportunities for the professional advancement of employees.
- V. To promoting the implementation of new technologies and their support.
- VI. To building infrastructure and running projects based on dialog and in line with principles of sustainable development.
- VII. To taking steps to reduce our adverse impact on the environment.
- VIII. To introducing solutions designed to reduce energy consumption by deploying new technologies, streamlining processes and education.
- IX. To communicating with the government and sharing our experience in areas relevant to business and economy.
- X. To enhancing ethical standards of business conduct, including relations with all groups of stakeholders.

Declaration of Polish Businesses for Sustainable Development



Comarch SSE7 office building, Kraków - visualization



Comarch SSE6 office building, Kraków



Modern "IoT Lab" laboratory-production hall, Comarch SSE6 office building, Kraków

QUALITY POLICY AND INTEGRATED MANAGEMENT SYSTEM

Comarch places special emphasis on the quality of the products and services it offers. Actions which increase this value are implemented to satisfy the growing and strictly determined expectations of clients active in the domestic and foreign markets. Thanks to continuous work on perfecting and developing the Quality Management System, Comarch obtained:

- The Integrated Management System certificate in accordance with the requirements of the PN-EN ISO 9001:2009 Quality Management Systems, PN-EN ISO 14001:2005 Environment Management Systems, PN-N-18001:2004 Occupational Health and Safety Management Systems, PN-ISO/IEC 27001:2014-12 Information Security Management Systems
- The Internal Control System certificate, fulfilling the requirements of the ICS Criteria
- Certificates confirming that the quality management system meets the requirements of the AQAP2110:2009 NATO Requirements concerning the quality in designs, development work and production and AQAP 2210:2015 NATO Complementary Requirements for AQAP 2110 regarding the quality of software.

The Integrated Management System certificate and Internal Control System certificate were issued by the Polish Center for Research and Certification. The unit in Comarch which certifies for the AQAP system is the Quality Certification Center, which operates at the Military University of Technology.

The Integrated Management System guarantees the proper, systemically administered flow of all business processes affecting the quality of products and services. The efficient functioning of the system guarantees that all the process are monitored for effectiveness and efficiency, perfected and adjusted to

a continuously changing market and technological conditions, as well as to the changing demands of the client. The high quality of products and services is accompanied by constant care for the environment and the safety of employees and vendors. Compliance with the systems implemented in Comarch helps develop trust between the Company and its clients and vendors. It also enhances Comarch's image in the eyes of all stakeholders interested in our performance in the areas of the quality of our products and services, environmental impact, protecting occupational health and safety, ensuring information and data security, and the monitoring of movement of dual-use items.

The following policies function within the Integrated Management System implemented in the Comarch Group, as approved by the Management Board: the Integrated Management System Policy, the Internal Control System Policy, the Vendor Sustainability Policy, the Information Security Policy, the Privacy Policy, the Third-party Intellectual Property Policy, and the Code of Conduct.

Any comments on the Integrated Management System can be sent to an assigned e-mail address. In order to reach the aims of the specific policies, the Comarch Group has e-mail addresses assigned to them, where employees are welcome to voice their comments. In addition, employees can submit anonymous notifications concerning any infringement of the rules of the implemented policies, which are then passed to the addressees in paper form via an internal postal service.

Detailed information on the above topic can be found at <http://www.comarch.pl/o-firmie/zrownowazony-biznes/polityka-jakosci/>

THIRD-PARTY INTELLECTUAL PROPERTY POLICY

The Comarch Group, as a software house, has a perfect understanding of respecting the rights of intellectual property and, for its part, aims to fully respect third-party intellectual rights, including those of other software developers, as well as of Comarch's vendors and customers. Comarch abides by the legal regulations regarding the rules on third-party intellectual property on the level of international, community, and domestic law, and supports the intellectual property protection system. Comarch does its best to provide the highest level of third-party intellectual property protection.

- Care for ensuring respect for third-party intellectual property
- Respect for patents, trademarks, and other third-party industrial property rights
- Making use of intellectual property, patents, trademarks and other third-party industrial property rights in accordance with legal regulations and licenses obtained by Comarch
- Making use of third-party software exclusively within the scope of licenses obtained by Comarch
- Protection of intellectual property, patents, trademarks and Comarch's other industrial property rights
- Defending Comarch business, especially its financial and legal interests
- Care for the high quality of products and services offered
- Risk management within the scope of policy
- Management of intellectual property and licenses.

The goals of the Policy stemming from fundamental aims are as follows:

- Protecting the intellectual property of Comarch's suppliers and consumers
- Making Comarch employees familiar with the policy and enforcing it
- Achieving transparency of the rules for the use of third-party intellectual property by Comarch employees
- Achieving the highest possible level of understanding of and respect for intellectual property rights
- Prohibiting Comarch employees and collaborators from using software if such use violates third-party intellectual property rights.

Comarch aims to achieve the policy goals by training its employees and acting in accordance with procedures which regulate the process of assessing, choosing and procuring software and maintaining licenses for:

- Specialist and office administration software for Comarch internal needs
- Programming components and source codes to be used in Comarch products
- Programming components and source codes to be used in programming services provided in such a way that the effects of Comarch's work become the property of the client (Comarch dedicated products)

The policy aims are also pursued through the certified Internal Control System, in accordance with the procedures governing international trade in merchandise, technologies and services of strategic significance for national security, as well as for maintaining international peace and safety.

All Comarch employees and collaborators are obliged to know and follow the Third-party Intellectual Property Policy and related procedures in so far as they are applicable to them, with respect to:

- Responsibility for software use by Comarch
- Responsibility for using software on Comarch's computer equipment by an employee or collaborator
- The means of obtaining permission for the use of third-party intellectual property in Comarch's products and Comarch-dedicated products
- The means of obtaining permission to purchase new software

Both the vendor and user of software have the right for their intellectual property to be respected. Respect for intellectual property is guaranteed by Comarch's employees and collaborators following appropriate procedures when using such property. In the event of detecting or obtaining information on an infringement of this Policy, or of third-party intellectual property rights, Comarch employees, collaborators, suppliers and consumers are obliged to report such instances to the Quality and OHS Department and the Legal Department, using a dedicated email address -



Inside Comarch SSE6 Office Building, Kraków

Since January 2017, the Contractor Management Department has been part of the Comarch Group organizational structure, verifying and analyzing the company's contractors..

The department's main competencies include:

- Managing the database of the contractors of systems functioning within the Comarch Group (verification, analysis, gathering documentation)
- Managing access to data and analyses of external economic information companies
- Preparing reports (broad spectrum) on the contractors of the Comarch Group as required by other departments or auditors
- Participation in procedures regarding the assessment and selection of vendors.



ENVIRONMENTAL PROTECTION

The Comarch Group complies with all environmental protection laws and regulations. Comarch consciously reduces the impact of its business on the natural environment by minimizing the use of natural resources and the generation of business-related waste. It also promotes environmentally friendly lifestyle among its employees by encouraging them to proactively contribute to the protection of natural environment, e.g. by signing the "Green Declaration" (for more details see section 6.2 of this report).

Comarch has identified environmental aspects which it monitors, supervises, and affects within the implemented ISO 14001-compliant environmental management system.

MATERIALS

Being a software house, Comarch does not consume natural resources such as metal ores, minerals, or wood as input materials in its production process. It does, however, consume standard utilities during work on a daily basis. The identified materials include the following: electricity, heating, water, gas, and fuel (gasoline and diesel oil). With the company's expansion and the commencement of physical electronic equipment manufacture, our approach to the consumption of materials will change in line with the requirements of manufacturing processes.

Currently, R&D-related or the low-volume manufacture of electronic equipment from components purchased from external suppliers accounts only for a small portion of the Comarch Group's operations. The production processes are run in a state-of-the-art IoT Lab (Internet of Things Laboratory), with manufacturing facilities in the Special Economic Zone in Kraków. These operations and related to R&D work

require the use and consumption of small quantities of the following

process materials: epoxy, cyanoacrylate, methacrylic and other derivative adhesives (up to 1 L per year), tin (up to several kg per year), fluxes (up to 1 kg per year), IPA cleansers and other (several liters per year). Following the opening of the IoT Lab in Q1 2017, the use of these substances will be managed in compliance with the quality management system, under which the company is preparing a register of chemicals.

As Comarch manufactures equipment from third-party components, it is unable to examine their composition closely, or to determine whether their individual elements are made of renewable materials or not.

Our manufacturing processes involve the use of paper, cardboard, and plastic packaging and protection.

ENERGY

Comarch continuously monitors its energy consumption across all of its business segments, including in particular consumption of electricity and heating in Comarch buildings and consumption of fuel by the Comarch fleet.

All Comarch buildings are modern, and are fitted with heating and electricity management systems. In all company-owned facilities, including SSE office buildings in Kraków as well as office building in Warsaw and Łódź, fluorescent lamps are being gradually replaced with LED lamps, and new, energy-saving equipment is being installed.

Since 2015, Comarch has been a consumer of "Tauron Eko Biznes" eco-friendly energy offered by the electricity provider Tauron and guaranteed to have been

produced in whole or in part in a process known as high efficiency electricity and heat co-generation, which ensures lower CO2 emission rates.

Comarch's dynamic expansion, entering into long-term cooperation with trading partners from across the world, and the resultant increase in the company's workforce necessitate the development of programming centers throughout Poland. In March 2016, Comarch S.A. commenced construction of the SSE7 office building on the Comarch Campus located within the Special Economic Zone in Kraków. The project is scheduled for completion by the end of 2017. The building will consist of an underground parking garage, a ground floor, four occupiable floors, and technical facilities located on the roof.

It has been designed with environmental protection in mind. The company is planning to have it certified by BREEAM as Very Good. The building will have a number of eco-friendly conveniences, including direct daylight in all working areas, openable windows in all offices to allow natural ventilation, a lot of greenery, direct access from bike paths, and external and internal recreation and leisure space. In addition, to reduce the building's environmental footprint, PV panels will be installed on the roof, which will decrease the demand for energy from external sources and possibly also enable the sale of excess electricity to the power grid operator. The southern and western elevations will feature architectural light shelves, which will not only shade space near the windows but also reflect daylight deep into the building, allowing it to penetrate even the innermost offices.

Each year the company develops environmental programs which specify goals and measures aimed at

reducing its negative environmental impact and raising employees' awareness.

Many Comarch employees have signed a voluntary Green Declaration*, which includes rules that, when observed, help protect the environment. The rules are formulated and adjusted to the company's profile in such a way that no Comarch employee should have any problems applying them.

- I turn off the lights when leaving common areas.
- I turn off computers and other electronic equipment after I finish working.
- I do not leave any equipment on stand-by.
- I unplug chargers if they are not being used.
- I use running water sensibly.
- I save paper by printing on both sides.
- I reuse envelopes for internal document workflow.

	2016	2015
Electricity consumption ¹⁾	16 399 683 kWh	15 754 700 kWh
Gas consumption ²⁾	398 846 kg	386 044 kg
Gasoline consumption ³⁾	287 955 kg	275 934 kg
Diesel oil consumption ³⁾	60 855 kg	76 202 kg
Total energy consumption ⁴⁾	96 577 642 MJ	92 822 120 MJ
Energy consumption/employee	33 086 MJ/employee	33 389 MJ/employee

1. Electricity consumption is disclosed for Comarch-owned buildings in Poland, i.e. buildings located in the Special Economic Zone in Kraków (SSE1, SSE2, SSE3, SSE4, SSE5, SSE6), two buildings in Warsaw (on ul. Puławska and ul. Leśna), and buildings in Łódź (on ul. Jaracza). The disclosed amount reflects the total electricity consumption for those buildings. In 2016, electricity consumption increased by 4% year on year, primarily as a result of the SSE6 office building coming into use, including a server room.
2. Gas consumption is disclosed for Comarch-owned buildings in Poland which are supplied with gas, i.e. buildings in the Special Economic Zone in Kraków (SSE2, SSE3, SSE4) and buildings in Warsaw (on ul. Puławska and ul. Leśna). The disclosed amount reflects the total gas consumption for those buildings. Gas consumption is expressed in kgs with the application of the following conversion factor: 1 m³ of gas = 0.75 kg. In 2016, gas consumption rose by 3% year on year. This slight increase may be due to the weather conditions in 2016, e.g. lower mean temperatures.

3. Gasoline and diesel oil consumption is disclosed as follows:

- **Gasoline:** total consumption for the vehicle fleet and lawn mowers in Poland.
- **Diesel oil:** total consumption for the vehicle fleet machinery, and power generators in Poland.

Fuel consumption is expressed in kgs with the application of the following conversion factors: 1 L of fuel = 0.73421 kg, 1 L of diesel oil = 0.83752 kg. In 2016, fuel consumption was 287,955 kg, up by approximately 4.4% year on year. The increase resulted from adding new EURO6-compliant gasoline vehicles to the Comarch fleet. In 2016, diesel oil consumption was 60,855 kg, having fallen considerably year on year. The decrease was attributable to many vehicles with compression-ignition engines being replaced with ones run on gasoline.

4. The calculated total energy consumption within the organization includes electricity, gas, and fuel (gasoline and diesel oil) consumption as disclosed above. Calculations were based on the following conversion factors: 1 kg of gas = 14.75 kWh, 1 kg of gasoline = 13.1 kWh, 1 kg of diesel oil = 12.69 kWh. Subsequently, the total energy consumption was converted to MJ. In 2016, the total energy consumption was 96,577,642 MJ, up by approximately

4% year on year as a result of an increase in electricity, gas and gasoline consumption. In addition, energy consumption was also calculated in relation to the number of employees working in Comarch-owned buildings. As at 31 December 2016, such workforce totaled 2,919, approximately 140 more than in 2015. In 2016, energy consumption per employee was 33 086 MJ, down by 0.9% year on year.

COMARCH FLEET

The Comarch Group is gradually upgrading its vehicle fleet by replacing it with cars that meet the European emission requirements. In 2015 and 2016, more than 100 cars meeting the stringent EURO6 emissions standard were purchased. In 2016, six eco-friendly hybrid cars were also included in the Comarch fleet. Therefore, in 2015 and 2016, a corresponding number of older, less environmentally friendly and less economical cars were replaced. Environmental

protection (fuel consumption and emission rates) is a key criterion applied when selecting vehicles for the Comarch fleet. In addition, Comarch Group employees began taking theoretical and practical eco-driving courses in 2016, aimed at improving their driving skills in terms of both fuel economy and environmental protection. To date, a total of 48 employees have successfully completed such training.

Emissions standard	Compliant % of Comarch fleet in Poland	
	2016	2015
EURO 6	39.3%	25.53%
EURO 5	47.8%	50.15%
EURO 4 and older	12.9%	24.32%

WATER

[G4-EN8]

Our water consumption is constantly monitored by means of submetering. In order to minimize consumption, we take measures to raise our employees'

awareness and to optimize reaction time and effectiveness in the event of any faults, including broken pipes, leaking taps, etc.

	2016	2015
Water consumption	38 624 m ³	35 163 m ³
Water consumption per employee	13.2 m ³	12.7 m ³

Water consumption is disclosed for Comarch-owned buildings in Poland, i.e. buildings located in the Special Economic Zone in Kraków (SSE1-SSE6), two buildings in Warsaw (on ul. Puławska and ul. Leśna), and buildings in Łódź (on ul. Jaracza). The disclosed

amount reflects the total water consumption for those buildings. In 2016, water consumption rose by 9% year on year owing to the construction of the Studio S1 manufacturing facilities adjacent to the SSE6 office building.

EMISSIONS

Comarch continuously strives to minimize its negative environmental impact. That is why, since 2012, the company has been estimating its CO2 equivalent emissions. In order to calculate these estimates, we applied a method consisting of multiplying energy, water, and fuel consumption data by relevant emission conversion factors, which enable that

data to be converted into a CO2 equivalent (CO2e). CO2e is a universal unit of measurement which allows the estimation of impact on global warming resulting from greenhouse gas emissions. Estimates of our direct (resulting from the organization's operations) and indirect (resulting from all other activities) CO2 emissions for the base year are presented below.

Direct greenhouse gas emissions	2016	2015
CO2e emissions	2 278,66 Mg CO2e	2 247,23 Mg CO2e
CO2e/osobę emissions/ person	0,78 Mg CO2e /person	0,81 Mg CO2e /person

Direct greenhouse gas emissions are calculated based on fuel (gasoline and diesel oil) and natural gas consumption for Comarch-owned buildings in Poland. In 2016, we also included HFC emissions from leaky cooling and air-conditioning systems. Calculations were made using conversion factors from DEFRA's Greenhouse Gas Conversion Factor Repository for 2016. In addition, information from the CRO

(Central Register of Operators) database was used to calculate HFC emissions. In 2016, direct greenhouse gas emissions amounted to 2,278.66 CO2e, up by approximately 1.4% year on year as a result of an increase in the workforce and the size of the Comarch fleet. CO2e emissions per employee decreased by 3.7% year on year.

Total direct and indirect greenhouse gas emissions	2016 2 919 persons	2015 2 779 persons
CO2e emissions	15 595,206 Mg CO2e	15 040,044 Mg CO2e
CO2e emissions/person	5,34 Mg CO2e/person	5,41 Mg CO2e/person

To calculate greenhouse gas emission intensity, the organization's direct and indirect greenhouse gas emissions were totaled. In 2016, the total greenhouse gas emissions amounted to 15,595.206 MgCO2e, up by approximately 3.7% year on year. In addition, the intensity of greenhouse gas emissions was calculated in relation to the number of employees working in Comarch-owned buildings. As at 31 December 2016, the workforce totaled 2919, approximately 140 more than in 2015. In 2016, greenhouse gas emissions per person amounted to 5.34 Mg CO2e, down by 1.3% year on year.

INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND REDUCTIONS ACHIEVED

Initiatives taken in 2016 to reduce greenhouse gas emissions consisted of improving the sealing of systems containing hydrofluorocarbons (HFC), which led to a reduction in direct greenhouse gas emissions.

To symbolically manifest its commitment to environmental protection, in 2015 the Comarch Group

organized a tree-planting event in partnership with the Kraków Municipal Park and Plant Administration. Comarch employees planted 300 yews around one of the traffic circles in Kraków. Similar events will be held in 2017 and beyond.

In its opinion, neither the Comarch Group nor its vendors have a direct or significant impact on climate change.

Emissions of ozone-depleting substances (ODS)

In 2016, ODS-containing systems were decommissioned. ODS were recovered and neutralized by authorized entities.

ODS emissions are monitored according to the CRO (Central Register of Operators) database, which is used to keep a record of all air-conditioning and fire-fighting equipment containing ozone-depleting substances, as well as of all maintenance inspections of such equipment and related gas refills.

NITROUS OXIDE (NOX), SULFUR OXIDE (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS

Established	2016	2015
CH4 emissions	4,34 Mg CH4	2,89 Mg CH4
N2O emissions	3,65 Mg N2O	4,15 Mg N2O

December 2016, the workforce totaled 2919, approximately 140 more than in 2015. In 2016, greenhouse gas emissions per person amounted to 5.34 Mg CO2e, down by 1.3% year on year.

Significant air emissions generated and reported by the organization are CH4 and N2O, i.e. products of fuel combustion. Relevant calculations were made based on natural gas and fuel (gasoline and diesel oil) consumption, using conversion factors from DEFRA's Greenhouse Gas Factor Repository for 2016. Reported data are estimates. In 2016, CH4 emissions amounted to 4.34 CH4, having increased year on year, most likely as a result of a significant rise in the Comarch fleet and workforce numbers. In 2016, N2O emissions amounted to 3.65 N2O, having decreased year on year.

PERCENTAGE OF PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED, BY CATEGORY

In both 2015 and 2016, the percentage of waste electrical and electronic equipment reclaimed was 40% of products sold. The minimum recovery level was 75%. The calculations were made in accordance with the Act of 11 September 2015 on Waste Electrical and Electronic Equipment (Polish Journal of Laws - Dz. U. of 2015, item 1688). Reclamations and recovery tasks were outsourced to and fulfilled by Biosytem S.A., a waste recovery company.

In both 2015 and 2016, the percentage of product packaging reclaimed was 61% minimum. The calculations were made in accordance with the Act of 13 June 2013 on Packaging and Waste Packaging Management (restated in the Polish Journal of Laws - Dz. U. of 2013, item 888, as amended). Reclamations and recovery tasks were outsourced to and fulfilled by Biosytem S.A., a waste recovery company.

TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS

The Comarch Group's largest investment with an impact on environmental protection is the SSE7 office building construction project in the Special Economic Zone in Kraków. The building has been designed to be environmentally friendly to the maximum extent possible. PV panels will be installed on its roof, with a total output power of 64 kW. The PV cells of which the panels are made convert solar energy into electricity. Their use will enable the company to meet the building's demand for electricity, and possibly also to sell excessive electricity to the power grid operator, without generating any additional CO2 emissions. The PV system has been designed to bring annual savings of PLN 34,000 on electricity consumption, which translates into a 10-year payback period.

In order to further reduce energy consumption, the SSE7 office building will also feature:

- Architectural light shelves on the eastern and western elevations, which will not only shade space near the windows but also reflect daylight deep into the building, allowing it to penetrate even the innermost offices
- A Building Management System (BMS) with automation equipment, to integrate ventilation, air conditioning, heating, lighting, access monitoring and control, uninterruptible power supply, (UPS), and security alarm systems to ensure optimum and efficient management of the building and utilities.

BMS has already been implemented in Comarch S.A.'s Łódź office building, commissioned in Q1 2017.

In addition, air conditioning systems are gradually being upgraded to more environmentally friendly ones, fluorescent lamps are being replaced with LED lamps, and new, energy-saving equipment is being installed.

WASTE

Comarch applies waste management procedures. Waste is collected selectively and in a way that prevents it from exerting negative impact on the natural environment. Comarch exclusively hires licensed waste transportation and treatment companies with technical means to manage transferred waste in a manner which is safe for people and the environment.

Below is a table showing the quantity of waste generated and transferred in 2015 and 2016. Waste electronic equipment accounts for the largest percentage of the waste stream generated by Comarch. Under Polish laws and regulations, such waste is recycled by waste management companies.

In 2016, besides waste generated in the Kraków headquarters, that generated in the Katowice offices was also monitored (owing to relocation of the branch). Hazardous waste is marked with (*) and weights are expressed in megagrams. All of the Group companies file annual reports on the volumes of generated waste with competent local authorities.

COMPLIANCE LEVEL

Comarch has implemented a procedure for identifying and accessing legal requirements. At least once a year, compliance with applicable legal regulations and other requirements adopted by Comarch is assessed. The results are presented in documentation prepared

for the review of the Integrated Management System and reported to the Management Board.

NO NON-COMPLIANCE WITH LAWS OR REGULATIONS WAS IDENTIFIED AT THE COMARCH GROUP.

IN THE REPORTING PERIOD, NONE OF THE GROUP COMPANIES RECEIVED ANY OFFICIAL ENVIRONMENTAL IMPACT COMPLAINT.

Part of our collaboration with waste management organizations consisted in organizing waste collections for employees in order to enable them to return electrical and electronic equipment, including bulky items. Wastepaper collections were held concurrently. Currently there are waste containers located throughout Comarch buildings. Employees can now return used electrical and electronic equipment any time as well as bringing used batteries and fluorescent lamps.

Since November 2014, Comarch has been a member of the Polish Chamber of Commerce for Environmental Protection, which brings together waste recovery companies and those that place packaging, products in packaging, or electrical and electronic equipment on the market.

Waste type	Code	Quantity of waste generated and transferred in 2015 (for Poland)	Quantity of waste generated and transferred in 2016 (for Poland)
Absorbents, filter materials, wiping cloths and protective clothing other than those mentioned in 15 02 02	15 02 03	0,290 Mg	--
Discarded equipment containing chlorofluorocarbons, HCFC, HFC	16 02 11*	0,300 Mg	0,389 Mg
Discarded equipment containing hazardous components other than those mentioned in 16 02 09 to	16 02 13*	0,821 Mg	0,352 Mg
Discarded equipment other than those mentioned in 16 02 09 to 16 02 13 – electronic scrap	16 02 14	8,877 Mg	7,538 Mg
Components removed from discarded equipment other than those mentioned in 16 02 15 – printing toner from office equipment	16 02 16	0,1702 Mg	0,185 Mg
Other batteries and accumulators	16 06 05	0,079 Mg	0,047 Mg
Mixtures of wastes from grit chambers and oil/water separators	13 05 08*	5 m ³	Since 2016, this type of waste has been reported by the entity generating it, i.e. Separator Service Sp. z o.o.
Grease and oil mixture from oil/water separation containing edible oil and fats	19 08 09	--	6,692 Mg
Bulky waste	20 03 07	--	0,725 Mg
Mixed construction and demolition wastes other than those mentioned in 17 09 01, 17 09 02 and 17 09 03	17 09 04	--	2, 090 Mg

*hazardous waste

COMARCH OFFICES – WORLDWIDE

OFFICES IN EUROPE

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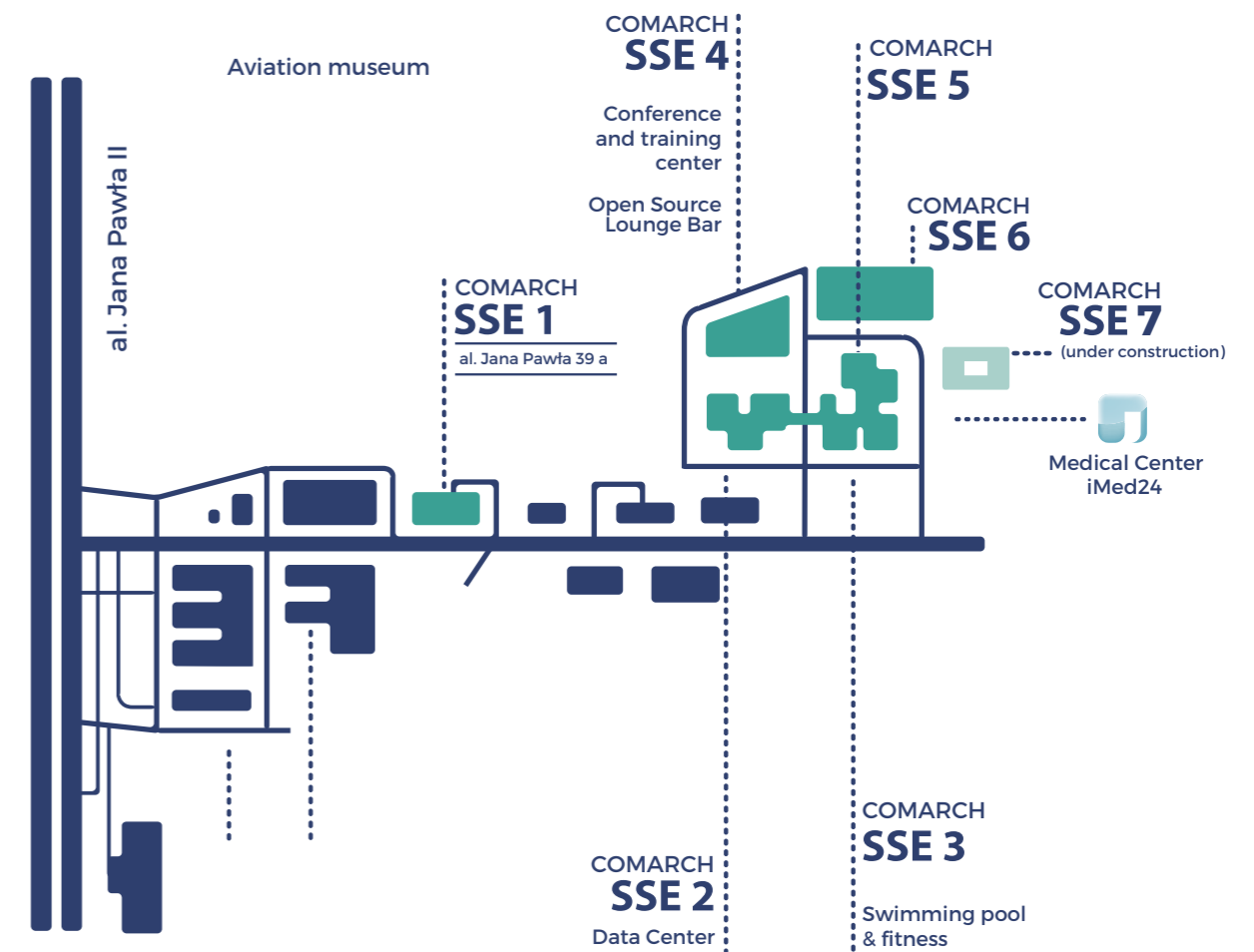
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