



COMARCH

**CONSOLIDATED
NON-FINANCIAL DATA REPORT
FOR 2018**

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1. Comarch S.A.'s Management Board's Statement Addressed to the Company's Shareholders in the Field of Reporting Non-financial Issues

Dear Shareholders,

The Comarch Group, due to the size of the company and the scope of its activity, exerts a significant influence on its environment, especially in the economic and social spheres. Sustainable development is one of the key foundations of the company's strategy from the very beginning and, in the opinion of the Group's Management Board, contributed significantly to the company's market success.

This Non-Financial Data Report of the Comarch Group is the third in a row and the second published after the entry into force of such obligation. Regardless of the formal requirements, Comarch has been using good practices in the field of non-financial reporting for many years (including through the publication of relevant information on the Internet and in annual reports). This results both from the internal need to communicate with shareholders, as well as compliance with the Corporate Governance Principles for listed companies and the provisions of the Accounting Act.

Due to the business profile of the company, social issues related to employment and human rights as well as issues related to diversity management, especially in the area of management and supervisory bodies, are the key issues for Comarch regarding sustainable development. In the opinion of the Management Board of the Comarch S.A., adherence to relevant standards and reporting on them is essential for proper human resources management, and thus is a key element for ensuring long-term development and maintaining the competitive advantage of the company.

The key events related to sustainable development and non-financial reporting, recorded in the reporting period, were continuous improvement of management quality, increased role of "soft" incentives, increased promotion of physical and cultural activity among employees, increased management awareness of issues related to diversity, as well as improving suppliers' management procedures. The Comarch Group constantly conducts activities to protect the natural environment, an example of which in 2018 was the implementation of the ISO 50001 Energy Management System and promoting pro-ecological attitudes among the crew. The Group constantly supports various initiatives of local communities and significantly increased the scale of charitable activities.

The Management Board of Comarch S.A. points that the Non-Financial Information Report for 2018 includes non-financial information regarding Comarch S.A. and the Comarch Capital Group. The report was prepared in accordance with the requirements of non-financial reporting included in the Accounting Act of 29th September, 1994, European Commission guidelines on reporting on non-financial information and on the basis of the National Non-Financial Information Standards (SIN) guidelines sustainable development reports. The most important challenges and goals of the organization for the next year in the field of non-financial reporting include improvement of processes within the organization, allowing to achieve the target quality and completeness of reporting, as well as reducing its labour intensity.

Management Board of Comarch S.A.

2. Information about Comarch Capital Group

G.1.1., G.1.2.

The core business of the Comarch Capital Group ("Comarch Group", "Comarch"), whose parent company is the joint-stock company Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A ("Company"), there is activity related to software - PKD 62.01.Z. Designation of the registry court for Comarch S.A.: District Court for Kraków - Śródmieście in Kraków, XI Commercial Department of the National Court Register. KRS number: 0000057567. Comarch S.A. has a dominant share in the Group in terms of revenues, value of assets and the number and volume of contracts. Shares of Comarch S.A. are admitted to public trading on the Warsaw Stock Exchange. The duration of the parent company is not limited.



The Comarch Capital Group is a producer of innovative IT systems for key sectors of the economy both in Poland and abroad. The main strategy of Comarch is to provide customers with complete IT solutions based on their own products, also in the service model. Thanks to the employed high-class specialists and thanks to its professional infrastructure, Comarch is able to provide both IT products as well as services for their implementation and maintenance as well as advisory and integration services for clients all over the world. Thanks to this, recipients of products and services offered by Comarch can take full advantage of the opportunities offered by modern IT systems and optimize their business processes.

The wide range of Comarch's offer includes ERP class systems, financial and accounting systems, CRM systems, loyalty software, sales support and electronic document exchange systems, electronic banking systems, ICT network management systems, billing systems, Business Intelligence software, security management services and data protection, and many other solutions. Comarch is a solution provider, including for entities from public administration, banking, accounting offices, enterprises from the FMCG sector, airlines, automotive industry, medical sector, manufacturing companies, public utilities, capital markets, telecommunications and insurance companies, universities, commercial and service companies, transport companies, fuel suppliers as well as entities conducting brokerage, e-commerce or factoring activities. A detailed description of the products and services provided was included in point 3 of the Report of Comarch S.A.'s Management Board regarding the activities and Report of Comarch S.A.'s Management Board regarding the activities of the Capital Group.

When planning its development strategy, Comarch takes into account social and environmental aspects consciously limiting the impact of its operations on the natural environment, minimizing the consumption of natural resources and limiting the generation of waste generated as a result of the current

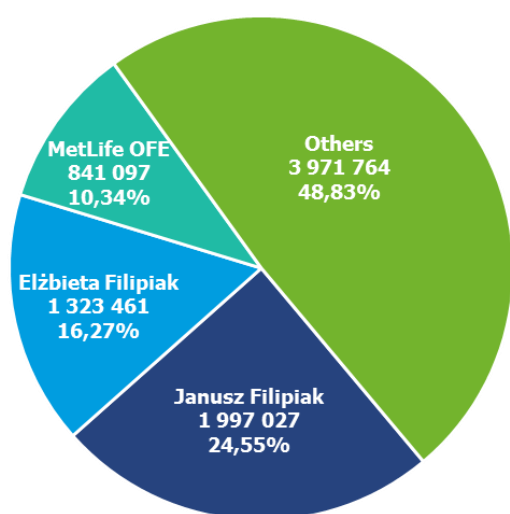
Comarch is a member of important organizations in the field of IT, such as, ETIS, PIKOM and TeleManagement Forum, thus has continuous access to the latest standards emerging in these areas (e.g. standards on TAP/RAP). Comarch also belongs to international commercial and economic chambers, including the Polish-German Chamber of Commerce and Industry and the French-Polish Chamber of Commerce. It is also a member of Związek Maklerów i Doradców, ZMiD (the Association of Brokers and Advisers), an organization associating people holding licenses of securities brokers, investment advisors and commodity exchange brokers and also a member of the Association of Stock Exchange Issuers. In Spain, Comarch is a member of the Confederación de Empresarios de Málaga (CEM, the Confederation of Employers of Malaga). CEM is an organization of entrepreneurs of a confederate and intersectoral character, with a provincial range. In Japan, Comarch is part of the 21c

Club, business club under EGG JAPAN. 21c Club supports companies in creating and developing new B2B companies and is a platform for exchanging knowledge and experience. Comarch is also a member of the LF Networking Fund, a newly established initiative of The Linux Foundation, which strengthens cooperation between partners and increases operational efficiency in network development projects.

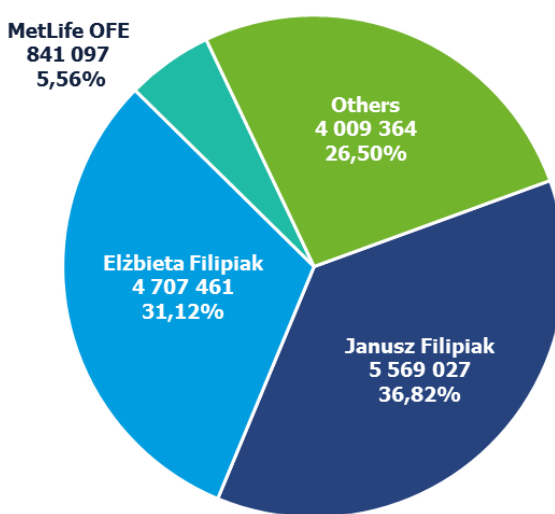
Other basic information about Comarch S.A. and the Comarch Group were published respectively in point 1 of the Report of Comarch S.A.'s Management Board regarding the activities and Report of Comarch S.A.'s Management Board regarding the activities of the Capital Group.

2.1. Shareholders Owning Directly or Indirectly through Subsidiaries at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., as at 29th of April, 2019

Shareholders by number of shares



Shareholders by number of votes

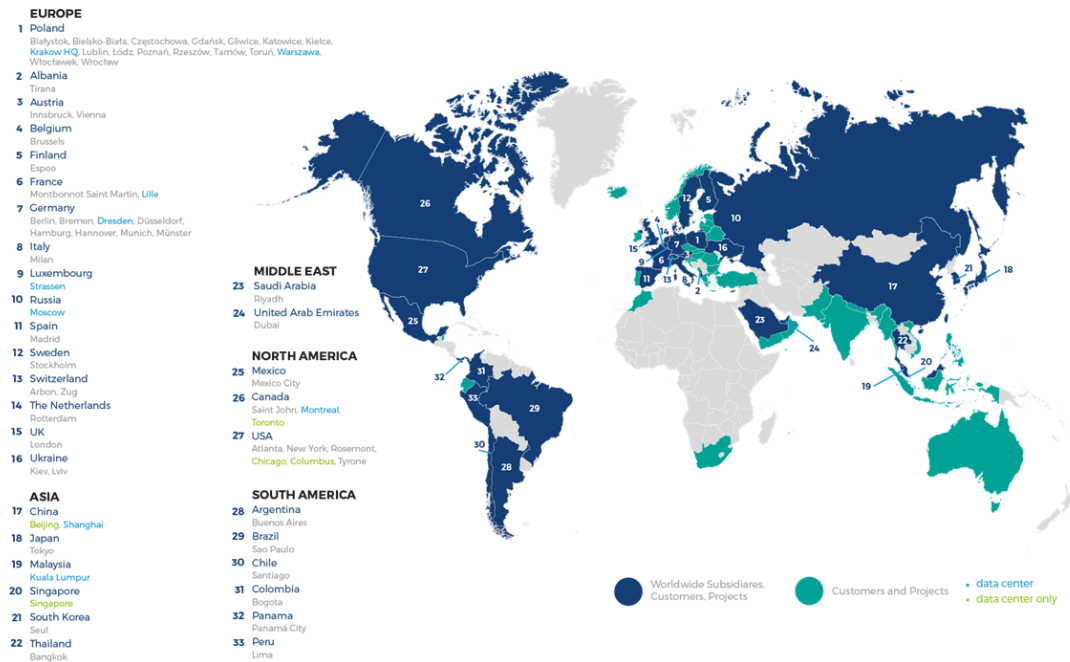


2.2. The Scope of Activity of the Comarch Group in the World

As at the date of publication of the report, Comarch S.A. has 17 branches in Poland and 1 in Albania, the Comarch Group consists of 58 companies located on 6 continents, in 34 countries, in 92 locations around the world. Last year, the Group successfully continued its growth strategy based on the diversification of its operations between various industry segments, the development of its own products and their sale on the global market. For many years, one of the main strategic goals of Comarch is the development of sales of more and more products on foreign markets, in particular in Western Europe, both Americas and Asia. In the previous year, the Comarch Group established new subsidiaries - Comarch Mexico S.A. de C.V with its registered office in Mexico City in Mexico, Comarch Yuhan Hoesa (Comarch Ltd.) with its registered office in Seoul in South Korea, Comarch (Thailand) Limited with its registered office in Bangkok in Thailand and Comarch BV with its registered office in Rotterdam in Netherlands. In 2019, there are planned further equity investments on the domestic and foreign markets. Detailed information on changes in the organizational structure can be found in point 1 of the Consolidated Financial Statements for 2018.

In the reporting period, there was an increase in cooperation with foreign suppliers related to the realization of purchases for own production of Comarch S.A. and related to increasing the company's effort towards research and development.

The map below presents the activities of the Comarch Group in the world:



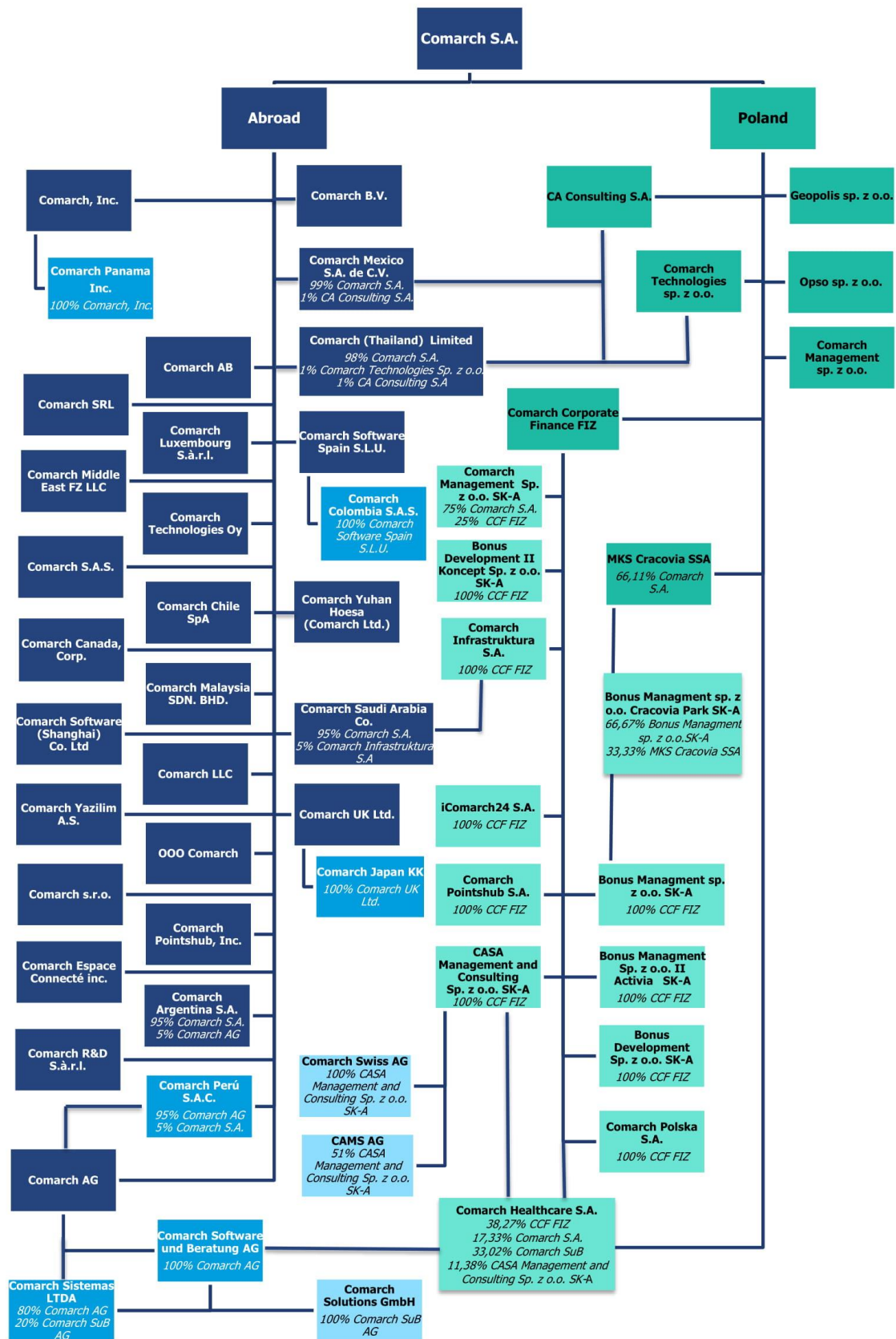
Comarch provides comprehensive data centre services embracing the provision and maintenance of complex system platforms, including hardware, software and administration.

Comarch stores data in 15 data centres worldwide (including Chicago, Columbus, Kuala Lumpur, Montreal, Moscow, Beijing, Singapore, Strassen, Shanghai, Toronto) including four of its own (Krakow, Warsaw, Dresden, Lille).



2.3. Structure of Comarch Capital Group as at 31st of December, 2018

The Consolidated Financial Statement of the Comarch Group for 12 months of 2018 include the statements of the following companies. This Non-Financial Information Report covers all entities of the Comarch Capital Group included in the Consolidated Financial Statement.



2.4. Basic Economic and Financial Data

This report includes data for 2018 and comparative data for 2017. For the Company this is the third year of publication of the non-financial data report. The company published for the first time a non-financial report on 28th of April, 2017. No significant adjustments were undertaken to the information contained in the previous report.

This report is not a subject of certification as well as external verification by professional auditors.

COMARCH S.A. SELECTED FINANCIAL DATA (in thousands of PLN)	2018	2017	Change
Revenue	966,100	755,517	27.9%
Operating profit	89,389	40,533	120.5%
Profit before income tax	57,075	44,244	29.0%
Net profit attributable to shareholders	49,649	39,338	26.2%
Total assets	1,334,900	1,247,206	7.0%
Liabilities and provisions for liabilities	500,711	450,222	11.2%
Non-current liabilities	152,343	154,762	-1.6%
Current liabilities	157,089	155,174	1.2%
Equity	834,190	796,984	4.7%
Share capital	8,133	8,133	0.0%
Number of shares	8,133,349	8,133,349	0.0%
Declared or paid dividend	1.5	1.5	0.0%

In 2018, revenues increased by PLN 210.6 million, i.e. 27.9% compared to the previous year. Operating profit amounted to PLN 89.4 million and was higher by 120.5% compared to 2017, net profit increased by PLN 10.3 million, i.e. 26.2% compared to previous year. In 2018, EBIT margin increased from 9.3% to 5.4%, net margin was 5.1%.

Comarch S.A.'s detailed financial analysis was presents in point 9 of the Report of Comarch S.A.'s Management Board regarding the activities in [2018](#) (ENG: [2018](#)).

COMARCH GROUP CONSOLIDATED FIANCIAL DATA (in thousands of PLN)	2018	2017*	change
Revenue	1,369,619	1,125,110	21.7%
Operating profit	87,543	58,364	50.0%
Profit before income tax	62,480	87,149	-28.3%
Net profit attributable to shareholders	30,616	64,626	-52.6%
Total assets	1,665,945	1,508,452	10.4%
Liabilities and provisions for liabilities	789,837	657,262	20.2%
Non-current liabilities	230,184	237,668	-3.1%
Current liabilities	559,653	419,594	33.4%
Equity attributable to shareholders	858,146	835,062	2.8%
Share capital	8,133	8,133	-
Number of shares	8,133,349	8,133,349	-

Declared or paid dividend	1.5	1.5	-
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*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the year 2017 was also reclassified in accordance with IFRS 15.

In 2018, the Comarch Group generated sales revenue of PLN 1,369,619 thousand. They were higher by PLN 244,509 thousand (i.e. by 21.7%) than in 2017. Operating profit amounted to PLN 87,543 thousand and was higher by PLN 29,179 thousand (i.e. 50.0%) compared to 2017. The net result attributable to the shareholders of the parent company amounted to PLN 30,616 thousand and was lower by PLN 34,010 thousand than in 2017. In 2018, the margin on sales and operating profitability increased to 26.4% and 6.4%, respectively. Return on gross sales and net sales reached 4.6% and 2.2% respectively. Profitability of the operating activity of the Comarch Group in 2018 improved compared to 2017. Net margin was slightly lower than in the previous year, which is due to worse than in 2017, result on financial activities and a larger amount of income tax.

In the Comarch Group's revenue, a very high share (of over 90%) have goods and services with high added value, in particular software produced by employees. Sales of third-party solutions are of minor importance in the sales of the Comarch Group.

Comarch S.A.'s detailed financial analysis was presented in the point 9 of the Report of Comarch Group's Management Board regarding the activities in [2018](#).

2.5. Awards and Rankings in 2018

■ Italy Protection Forum special prize for promoting innovation in the insurance industry in Italy

Comarch received a special prize during the Italy Protection Forum event for promoting innovation in the insurance industry in Italy. The Italy Protection Forum (IPF) is an annual event dedicated to social, health and life insurance policies under the auspices of EMF Group, a consultancy company specializing in financial services.

■ The title „CEO of the Year” for Professor Filipiak

The editors of the Parkiet daily for the 24th time awarded the top league of Polish capital market with the "Bulls and Bears" prize. The title of "CEO of the year" was given to Professor Janusz Filipiak.

■ ITwiz Best 100 report

In 2018, the ITwiz Best 100 report for 2017 was published. This year, Comarch took first place in the category of "development potential" and the second - in the IT@BANK main ranking. 48 companies fought for trophies, which were evaluated, among others in terms of revenue, number of employees and size of the client portfolio.

■ Comarch on the podium in TOP 200 "Computerworld"

In June 2018, TOP 200 „Computerworld” ranking for 2017 was published, where Comarch S.A. received the titles of: the leader in the ranking "The largest service providers in the cloud model", the leader in the "Index of IT providers for responsible development" ranking; first among the largest providers of integration services and the largest suppliers of IT solutions and services for the trade sector, and also the first place in the category of "IT companies with the largest expenditure on R & D". The Comarch Group also invests heavily in R&D also from Comarch Healthcare S.A., which ranked fourth in this ranking. Comarch S.A. also took strong positions among others in the sets of mobile application providers, solutions for the telecommunications sector, data centre services or ERP systems.

■ "Orzeł Wprost" for Comarch

"Orzeł Wprost" is a list of entrepreneurs achieving the best financial results. The following are taken into account sales revenues for the last three years, net profit, profitability and payment status. The list is nationwide, and the galas are organized in the capitals of individual provinces

■ Second place in the main category in the IT@BANK 2018 ranking

This year, Comarch took first place in the category of "Development potential" and the second - in the IT @ BANK main ranking. 48 companies fought for trophies, which were evaluated, among others in terms of revenue, number of employees and size of the client portfolio.

IT@BANK is the largest annual conference in Poland dedicated to the issues of computer banking. The organizer "Miesięcznik Finansowy BANK" - a magazine for bank management staff - in cooperation with Rada Bankowości Elektronicznej (the Electronic Banking Council) and Forum Technologii Bankowych (the Banking Technology Forum).

■ Polish Eagle Award for business development in Belgium

The award ceremony was held on January 15 in Brussels. The idea of the Polish Eagle is to honour companies that promote Poland as an innovative country with great economic potential.

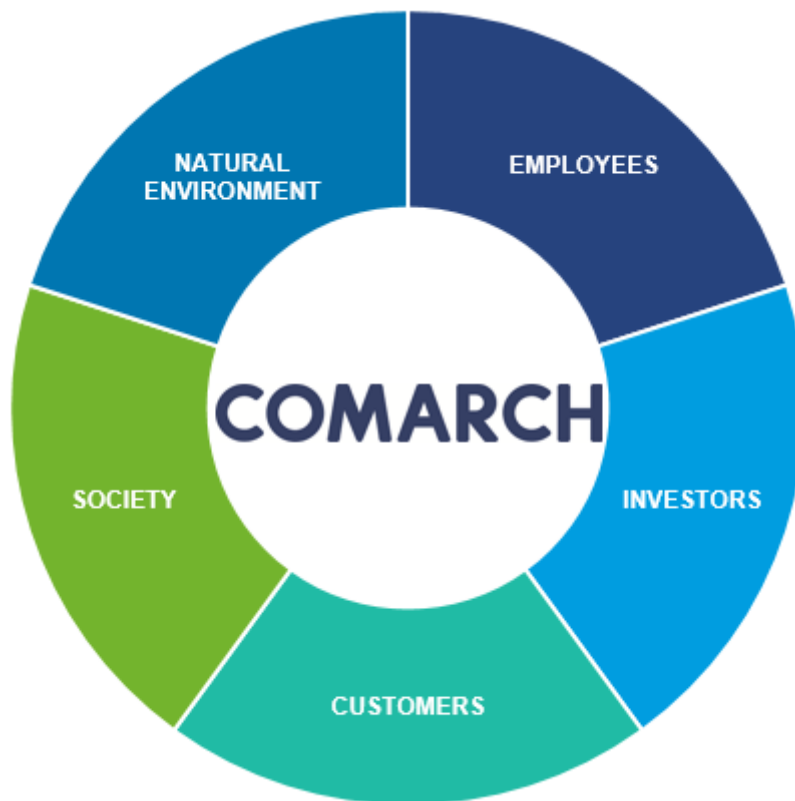
The Comarch Group is intensively developing all over the world, and Belgium and other countries of the region are one of the strategic markets for the company. Administratively, the company operates in the Benelux since 2006, its offices are located in Brussels, Luxembourg and Rotterdam, and promotional activity and sales focuses on the sale of IT systems for enterprises from the retail, telecommunications, and finance and banking sectors. The region quickly turned out to be a black horse in the group's structures and within a few years it became the third largest market of Comarch after Poland and Germany. In 2018, sales of IT systems in the Benelux countries exceeded PLN 100 million.

■ The prize in the Listed Company of the Year ranking 2018

The award ceremony took place on 14th of March, 2019 in Warsaw. In the ranking organized for the 20th time by journalists "Puls Biznesu" Comarch S.A. took 4th place. Stock Exchange Company of the Year is not only the oldest, but also the most prestigious ranking on the market. In a survey of approximately 100 capital market specialists - analysts, brokers and investment advisors representing brokerage houses and offices, insurance companies, pension, investment and trust funds, banks' capital departments and consulting companies - assessed the companies included in the WIG20, mWIG40 and sWIG80 indexes. This is the great asset of this study, as listed companies receive valuable information on how they are perceived by the main market makers.

Experts assessed which company has the most competent management, achieved the most spectacular success in the previous year, can boast the best in the exchange rate of the quality of products and services, it best deals with investor relations and has the most interesting development prospects

3. Stakeholders



a) List of stakeholder groups engaged by the organization:

- **Employees** (full-time employees and co-workers, interns, apprentices, students and potential employees, employees of subcontractors and suppliers, labour inspection and other similar supervisory institutions),
- **Investors** (shareholders, institutional investors, individual investors, Warsaw Stock Exchange, brokerage houses, banks, Polish Financial Supervision Authority, KDPW),
- **Customers** (institutional clients, individual clients, business partners, key suppliers, subcontractors, local self-government administration, government administration),
- **Society** (local communities within the Comarch Group's activity, residents, government and self-government authorities, media, universities and research workers, technical and industry organizations),
- **Natural environment** (environmental organizations, recycling companies).

b) An identity and selection base was the definition of a stakeholder - as a subject that influences the Comarch Group and which is affected by the Comarch Group.

c) The organization's approach to engaging stakeholders:

- **Employees** (recruitments, performance reviews, internal meetings, internal portal for employees- Everybody/Intranet, internal publications/internal marketing, periodic happenings supporting an active lifestyle)
Dialog purpose: ensuring stabilization of employment turnover by meeting employees' expectations, providing employees with development opportunities, creating a satisfactory and stable workplace,
- **Investors** (regular meetings at summary conferences in Krakow or Warsaw (also interactive on-line broadcasts), individual meetings and teleconferences with the Management Board of the Company, permanent cooperation of Capital Market and Insurance Department with stakeholders listed in point a), Investor Relations website,

participation in conferences co-organized by financial and capital market institutions such as banks, investment funds, WSE, KDPW, Polish Financial Supervision Authority, and Polish Association of Listed Companies),

Dialog purpose: ensuring information transparency, meeting the information needs of stakeholders, building Comarch value, taking care of Comarch's reputation,

- **Contractors** (Company website, customer satisfaction survey, business meetings for the needs of contract performance and improvement of the quality of provided services),

Dialog purpose: customer expectations and opinions survey, listening the client's voice in designing business solutions, creating products and services tailored to needs of customers,

- **Society and government/local government authorities** (current direct communication, realization of sponsorship projects, building partnerships, realization of joint projects, organization of educational and preventive programs for health protection, organization of internship programs),

Dialog purpose: carrying social responsibility, supporting community development, supporting students and graduates in gaining knowledge and experience, ensuring compliance with requirements and regulations, jobs creation,

- **Natural environment** (organizing pro-ecological campaigns, cooperation with environmental organizations and recycling companies),

Dialog purpose: improvement of the quality of the natural environment, reduction of energy consumption, emission of pollution, reduction of the amount of waste generated.

4. Policies and Rules Adopted and Applied by the Comarch Group and Their Impact on Particular Aspects and Identified Risks

The selection and description of policies as well as the effectiveness indicators presented in the report has been made on the basis of the materiality criteria, taking into consideration internal and external factors related to the operations of Comarch S.A. and the Comarch Group. The main factors taken into consideration during the materiality assessment were:

- Business profile and market environment,
- The brunch in which Comarch operates,
- Impact on the community and the natural environment,
- Stakeholders' expectations.

The Management Board actively participates in the process of defining the content of the report and approves all strategic decisions related to the process of creating a non-financial data report. During its creation, the expectations of stakeholders were also taken into consideration.

For over 25 years, Comarch has been consistently building an organizational culture and value system, including:

- Continuous and systematic care of the quality and competitiveness of our products and services,
- Tailoring products and services to the expectations and requirements of our clients,
- Developing mutually beneficial cooperation with suppliers in order to improve the quality of offered products and services,
- Data protection and strengthening the trust of our clients and other interested parties in the field of information security,
- Continuous improvement of employees' qualifications through an appropriate education system and training focused on issues related to quality, information security, environmental protection and work safety,
- Promotion of a healthy and active lifestyle,
- Permanent improvement of occupational safety and health of employees, improvement of comfort of the workplace,
- Prevention of accidents at work, occupational diseases and events potentially conducive,

- Taking pro-active measures to reduce negative environmental impacts improve the energy result,
- Compliance with applicable legal and other requirements,
- Continuous improvement of the effectiveness of the Integrated Management System, including AQAP 2110 and AQAP 2210,
- Providing appropriate resources and means to implement the above actions.

The culture and value system of Comarch are systematized through the following policies, codes and declarations:

- As part of the Integrated Management System implemented in the Comarch Group:
 - Policy of Integrated Management System,
 - Policy of Internal Control System,
 - Security Policy,
 - Supplier Sustainability Policy,
 - Policy of Privacy,
 - Policy of Respect for Intellectual Property of Third Parties,
 - Code of Conduct,
 - Quality Policy of the Quality Management System of Medical Devices,
 - Energy Management System Policy
- Declaration of polish business for sustainable development,
- Corporate Social Responsibility (CSR),
- Corruption counteracting,
- Corporate Governance Principles.

4.1. Integrated Management System

G.2.2.

Comarch puts a particular emphasis on the quality of provided products and services. Efforts for increasing this value are undertaken to satisfy the growing and well-defined expectations of clients operating on the domestic and international market. Thanks to continuous work on the improvement and development of the Integrated Management System, Comarch obtained:

- Certificate of Integrated Management System compliant with the requirements of PN-EN ISO 9001:2015-10 Quality Management Systems, PN-EN ISO 14001:2015-09 Environmental Management Systems, PN-N-18001:2004 Occupational Safety and Health Management Systems, PN-ISO/IEC 27001:2014-12 Information Security Management Systems,
- Certificate of Energy Management System compliant with the requirements of PN-EN ISO 50001: 2012. Energy Management Systems
- Certificate of the Internal Control System that meets the requirements of the ICS Criteria,
- Certificates which confirm that the Quality Management System meets the requirements of AQAP 2110: 2016- NATO requirements for quality assurance in design, development and production as well as AQAP 2210: 2015- NATO supplementary requirements for AQAP 2110 regarding software quality assurance,
- Certificate which confirms that the Quality Management System of Medical Devices meets the requirements of EN-ISO 13485:2016 Medical Devices. Quality Management Systems. Requirements for the purposes of legal provisions.

Certificates of the Integrated Management System, Energy Management System and Internal Control System were issued by the Polish Centre for Testing and Certification (PCTC). The certification body for the AQAP system at Comarch is the Quality Certification Centre (QCC) operating at the Military University of Technology. Certificates of the Quality Management System of Medical Devices were issued by TÜV Rheinland Polska Sp. z o.o.

Policy of Integrated Management System

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

The Integrated Management System ensures proper, systemically administered implementation of all business processes affecting the quality of products and services. The proper functioning of the system guarantees that all processes are monitored in terms of effectiveness and efficiency, improved and adapted to the constantly changing market and technological conditions as well as to the changing customer requirements. High quality of products and services is supported by constant care for the environment and for the safety of employees and suppliers. Applying the principles of systems implemented in Comarch contributes to the increase of trust between the company and customers and suppliers. It also strengthens the image of Comarch in the eyes of all entities interested in the effects of our company's activities in the areas of quality of offered products and services, environmental impact, energy management, ensuring occupational safety and health, as well as ensuring information and data security and control in dual-use goods trading.

G.3.2.

As part of the Integrated Management System Policy, the following critical risks were identified:

- Risk related to the occurrence of non-compliance and instability in internal processes,
- Risk related to the deterioration of the quality of products and services offered,
- The risk of losing customers due to failure to meet their quality expectations,
- Risk related to insufficient level of protection of information assets and information security,
- Risk related to insufficient knowledge and training of employees in specific areas,
- Risk related to insufficient level of occupational safety and hygiene of employees,
- Risk related to accidents, occupational diseases and events potentially conducive,
- Risk related to the negative impact on the environment,
- Risk related to failure to meet the requirements of applicable contracts, including the implementation of Government Quality Assurance,
- Risk related to improper documentation management,
- Risk related to incorrect and ineffective internal and external communication,
- Risk related to incorrect determination of responsibility and entitlements,
- Risk related to non-compliance with legal requirements and internal procedures.

G.2.1, G.3.1.

Within the Comarch Capital Group, there are a set of mechanisms whose effective functioning allows to state that the company operates in accordance with the applicable internal regulations and rules - both at the national and international level. These mechanisms include, among others: establishing internal procedures defining processes and responsibilities, constant supervision over legal requirements, ongoing verification of process realization as part of internal audits and using internal IT systems dedicated to individual issues.

All the activities described above aim at minimizing the identified risks areas, managing them and keeping current control. The Comarch Group in its operation at all levels of the organizational structure applies the precautionary principle, especially during the development and marketing of new IT products.

In order to implement the assumptions of individual policies, within the Comarch Group there are assigned to them e-mail addresses to which employees can submit their comments. Employees also have the opportunity of making anonymous claims regarding the violation of the provisions of the implemented policies, which are forwarded to the recipients in paper form via internal mail.

As part of the Integrated Management System, internal audits are carried out, the number of which in 2018 it was 179. Internal audits are carried out in all entities covered by IMS according to the annual plan.

As part of internal audits, there are statistics on non-compliance with the internal procedures of the Integrated Management System. There is also kept a register of strengths and weaknesses of audited

entities. In 2018, 65 non-compliances, 194 strengths and 164 potentials for improvement were identified.

Detailed information on the Comarch's IMS Policy can be found at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/polityka-jakosci/> (ENG: <https://www.comarch.com/company/quality/>).

Policy of Internal Control System

[dimensions: society, respect for human rights]

G.2.3.

Broadly understood technological development and rapidly growing competition put new requirements on software, implemented IT systems and goods in circulation. The necessity to meet these requirements means that the products provided by Comarch may be goods of dual-use and be used in a manner inconsistent with the principles of national and international law. To prevent such practices, the Internal Control System has been implemented within the Comarch Capital Group, whose main document is the Policy of Internal Control System. The main assumptions of this policy are as follows:

- Excluding the possibility of making a profit contrary to the requirements of the Internal Control System,
- Omission to handle trade in goods when it is contrary to national and international law,
- Enforce the rules of the Internal Control System at all workstations related to trade in goods,
- Supervision of the Proxy for Turnover Control over the course of the Internal Control System processes.

G.2.2.

As part of the Integrated Management System, the following critical risks were identified:

- The risk related to incorrect classification of products and services under ICS,
- The risk related to undertaking a cooperation with a contractor on the list of refusals,
- Risk related to the realization of transactions with entities from countries subject to legal sanctions,
- Risk related to non-compliance with legal requirements and internal procedures regarding IMS.

G.3.1.

Minimization of risks related to international trade in goods is carried out within the mechanisms described in the section "Policy of the Integrated Management System". In the case of the ICS, an important role play IT systems dedicated to issues related to them, e.g. a system of the contracts workflow, where individual steps enforce specific actions required by IMS. Specific, for ICS, processes, such as dealing with dual-use goods and services or verification of contractors on refusal lists, are described in internal procedures.

Supervision over specific, for ICS, processes is carried out as part of internal audits. Non-compliances, potential risks and opportunities are identified. There are also statistics in this area. In 2018, 1 non-compliance directly related to ICS was identified as part of internal audits.

Security Policy

Information and information processing systems constitute critical and extremely important goodwill, which is why Comarch places great emphasis on protecting data and own and customers assets. A comprehensive information protection system based on the PN-ISO/IEC 27001:2014-12 and ISO / IEC 27002:2013 standards was implemented. The system has been certified by the Polish Centre for Testing and Certification (PCTC) since 2008 as part of the Integrated Management System. The system covers all internal processes supporting the company's activity and business processes and covers all of the company's assets.

The Security Policy regulations include organizational issues, raising of employee awareness, physical asset protection, IT technical security, business continuity and response to incidents of information

security breaches. Internal policies and procedures have been defined to regulate the confidentiality, integrity and availability of Comarch and clients data, which in particular define:

- Rules for classifying and handling information,
- Comarch IT network management policy,
- Systems and application administration rules,
- Principles of staying at and access to Comarch premises,
- Principles of the use of assets and bringing equipment out of Comarch,
- Principles of securing personal computers,
- Principles of securing information mediums,
- Principles of remote access,
- Principles of email security,
- Password policy,
- Business continuity policy,
- Antivirus policy.

Many organizational and technical measures were implemented to ensure comprehensive and multi-level protection of data and assets to counteract and minimize the effects of information security incidents.

The system ensures a continuous process of monitoring and reacting to information security risks. It allows to continuous improvement of Comarch's as well as clients data and assets protection. Conclusions from the operation of the safety management system are reported to the Management Board and necessary improvements and corrective actions are taken.

Among the most important risk, which are counteracted by the implemented security measures, can be mentioned:

- breach of information security,
- unauthorized operations,
- unavailability of key services and Comarch space,
- compliance with regulations.

Within the company dedicated business units operate to deal with information protection, determination and implementation of standards and monitoring the security of Comarch's assets.

Business continuity plans were developed to maintain business continuity in key areas of the company.

Sustainable Development Policy for Suppliers

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

Comarch as a global organization specializing in the design, implementation and integration of advanced IT products has a significant impact on the functioning of the supply chain. In addition, as a company, we realize that the success of undertaken projects depends not only on us but also, to a large extent, on our business partners. The key issue is the appropriate selection of contractors who meet the criteria to the greatest extent possible. Thanks to this, we can be sure that cooperation with them will in no way disturb the stability and efficiency of processes implemented within the supply chain.

The Comarch Capital Group has a Sustainable Development Policy for Suppliers, which defines the most important principles that the company follows during realizing the cooperation with business partners. In addition, this document is a commitment to a sustainable development policy and sets out requirements for key suppliers.

These commitments are implemented mainly through:

- Supporting and encouraging our clients and suppliers to act in accordance with the principles of ethics, social responsibility and environmental protection,
- Building a good partnership with suppliers based on mutual cooperation, trust and integrity,

- Conducting activities related to orders in accordance with rules of law and legal regulations-domestic and international,
- Selection of suppliers with the conviction that only responsible practices in the supply chain can ensure the highest quality of the final product or service, while at the same time caring for the environment, good work standards, business ethics and local communities.

We are convinced that high standards of conduct in business, to which Comarch undertakes to comply, should be also enforced from our contractors. That is why we require the following rules from our key suppliers:

- Managing environmental impact in a responsible manner in accordance with ISO 14001 or similar standards to reduce the negative impact on the environment,
- Applying occupational health and safety standards in accordance with OHSAS 18001 or a similar standard to minimize the risks associated with occupational risk and prevent injuries,
- Use with understanding of good business practices, social issues and related to environmental protection, which are related to the activities of the supplier,
- Operation in accordance with applicable law,
- Recognition of employees' right to associate and collective bargaining,
- Prohibition of discrimination in all its manifestations, due to: race, social status, ethnic origin, religion, disability, invalidity, gender, sexual orientation, relationship or political affiliation, age or marital status,
- Prohibition of employment of children under 16 and to apply corporal punishment, mental and physical coercion, abuse and sexual harassment,
- Elimination of forced labour.

G.3.2.

As part of the Sustainable Development Policy for Suppliers, the following critical risks were identified:

- Risk of disturbances of stability and efficiency of processes implemented within the supply chain,
- The risk of establishing cooperation with contractors who do not meet the requirements of the Policy and violate the principles of ethics, social responsibility and environmental protection,
- Risk related to the insolvency of contractors,
- Risk related to non-compliance with legal requirements and internal procedures regarding contractors.

G.3.1.

Cooperation based on principles followed by Comarch, consistent enforcement of requirements for contractors and the use of verification mechanisms and ensuring compliance with applicable regulations allow to effectively minimize the risk of instability and incompatibility within the supply chain. These mechanisms and relevant data are presented in the section "Policy of Integrated Management System" and in Chapter [5. Contractors](#).

Policy of Respect for Intellectual Property of Third Parties

[dimensions: society, employment]

As a software development company, the Comarch Group understands the need to respect intellectual property rights and, for its part, strives to fully respect the intellectual property of third parties, including other software developers, as well as Comarch's suppliers and customers. Comarch abides by legal regulations concerning the principles of respecting intellectual property of third parties at the level of international, community and national law and supports the system of intellectual property protection. Comarch makes every effort to ensure the highest level of protection of intellectual property rights of third parties.

The basic policy objectives in force in the Comarch Group regarding these issues are:

- Taking care to ensure respect for intellectual property of third parties,

- Ensuring respect of patents, trademarks and other industrial property rights of third parties,
- The use of intellectual property, patents, trademarks and other industrial property rights of third parties in accordance with the law and the licenses obtained by Comarch,
- Use of third parties software only in the scope of licenses granted to Comarch,
- Protection of intellectual property, patents, trademarks and other industrial property rights of Comarch,
- Protection of Comarch's interests, in particular financial and legal,
- Care for the high quality of offered products and services,
- Risk management in the area covered by the policy,
- Intellectual property and licenses management.

Detailed objectives The policies resulting from the primary objectives are:

- Protection of intellectual property of Comarch's suppliers and recipients,
- Familiarizing Comarch employees with the policy and enforcing its compliance,
- Achieving transparency of the rules of using intellectual property of third parties by Comarch employees,
- Achieving the highest level of understanding and respecting for intellectual property rights,
- Prohibition of using the software by employees and associates of Comarch that infringes the intellectual property of third parties.

Comarch aims to achieve the objectives of the Policy by training employees and acting in accordance with the procedures ordering the process of evaluation, selection and acquisition of software and storage of licenses for:

- Software for Comarch's internal utility and office needs,
- Programming components and source codes for use in Comarch products,
- Programming components and source codes for use in programming services implemented in such a way that Comarch's work effects become the property of the client (Comarch dedicated products).

Policy objectives are also implemented through activities under the certified Export Control System, in accordance with the procedures for foreign trade in goods, technologies and services of strategic importance for national security, as well as for maintaining international peace and security.

The duties of each employee and co-worker of Comarch include knowledge and observance of the Policy of Respect for Intellectual Property Rights and procedures resulting from it, to the extent to which they relate to them, i.e. in the scope of:

- Responsibility for using Comarch software,
- Responsibility for using the software on Comarch hardware by an employee or co-worker,
- The manner of obtaining consent for the use of intellectual property of third parties in Comarch products and Comarch dedicated products,
- The manner of obtaining consent for the purchase of new software.

G.3.2.

As part of the Respect for Intellectual Property of Third Parties Policy, the following critical risks were identified:

- The risk of using unlicensed software for internal needs,
- The risk of illegal use of software owned by third parties in Comarch products,
- Risk of potential financial and legal claims as well as image losses,
- Risk related to non-compliance with legal requirements and internal procedures in the scope regarding respect for intellectual property of third parties.

G.3.1.

The minimization of risks related to respect for intellectual property of third parties is carried out as part of the mechanisms described in the section "Policy of Integrated Management System". Both the supplier and the recipient of the software have the right to have their intellectual property rights respected. The guarantee of respect for intellectual property is the use of appropriate procedures by Comarch employees and co-workers while using this property. Realization of activities in accordance with the presented guidelines minimizes the

risk of non-compliance with applicable legal regulations in this area and possible financial claims. In the case of detection or obtaining information regarding non-compliance with this Policy, as well as cases of intellectual property infringement of third parties, Comarch obliges its employees, co-workers, suppliers and recipients to report such cases to the Quality, Health and Safety Department and the Law Department via a dedicated email address.

Policy of Quality of Medical Devices

[dimensions: society, employment, environment, respect for human rights]

Besides the core activities related to software and IT systems development and the provision of services in this area, Comarch also conducts activities in the field of production and marketing of medical products and services.

In terms of health and safety impact, all products- medical devices created by Comarch S.A. and Comarch Healthcare S.A. are tested. These products are subjected to appropriate analysis and certification.

With a view to improving the life quality and a sense of security and for the health of our clients, Comarch offers a wide range of products and medical services. Offered products are created as a response to market needs in the field of prevention and treatment, and are prepared on the basis of the latest technologies as a result of the cooperation of Comarch qualified employees with the scientific medical community. Comarch guarantees the right quality and safety of the offered products, professional and ethical service, as well as help and advice tailored to the individual needs of customers.

In order to implement the provisions of the Policy of Quality of Medical Devices, the Board and employees of Comarch undertake to:

- Adapt products and services to the expectations and requirements of clients, maintaining the requirements of legal regulations in the scope of production and distribution of medical devices and provision of medical services as well as in the field of IT products and services,
- Place products and services on the market that meet the quality and safety requirements,
- Reliably inform about the quality and safety of the offered products and services,
- Constantly and systematically take care for the quality and competitiveness of the offered products and services,
- Develop cooperation with suppliers to improve the quality of offered products and services,
- Raise qualifications,
- Constantly improve the efficiency of the quality management system for medical devices.

The means of achieving the above objectives are implemented and constantly improved quality management systems developed and based on the requirements of:

- Directive 93/42/EEC Medical devices (MDD),
- EN-ISO 13485 Medical Devices standard. Quality Management Systems. Requirements for the purposes of legal provisions.
- ISO 9001 standards. Quality management systems. Requirements.

G.3.2.

As a part of the Policy of Quality of Medical Devices, the following critical risks have been identified:

- The risk of placing products and services that do not meet the quality and safety requirements,
- Health, life and safety risk of users of medical products and services,
- The risk of deterioration in the quality of medical products and services,
- Risk related to non-compliance with legal requirements and internal procedures in the scope of medical devices and services.

G.3.1.

Risk management in the field of medical devices is an extremely important, systemically regulated issue. As part of the implemented and certified quality management system for medical devices in accordance with the ISO 13485 standard, the company has functioning the risk management process, described in internal procedures. This process includes the

principles of identifying risks related to the medical device, its accessories and software, estimating and assessing the acceptability of risks, controlling these risks and monitoring the effectiveness of control.

In the case of medical devices, there is also a possibility to report the medical incidents, i.e. irregularities regarding a medical device that may or may have led to the death or serious deterioration of the health of the patient or user of the device. A register of such cases is kept in Comarch. Since the beginning of the activity, no medical incidents have been identified in the field of medical devices.

4.2. Code of Conduct

G.4.1., G.4.2., G.4.4., G.4.5., G.4.6., G.4.7., S.6.1.

[dimensions: society, employment, environment, respect for human rights, corruption counteracting]

The Comarch Group is convinced of the importance of respecting the existing regulations, legislation and acting in accordance with the ethical standards.

As one of the IT market leaders, Comarch feels obliged to promote ethics and wants to join the group of world leaders in terms of corporate responsibility, respect for human rights and environmental protection. Responsibility for achieving this goal lies with all employees of Comarch.

The Code of Conduct, in force in the Comarch Capital Group has been approved by its Management Board, which undertakes to regularly assess compliance with the principles contained in the Code and update its content based on the applications received.

The Code reflects the ethical values that the Comarch Group shares to and wishes to follow. It provides the employees of the Comarch Group with a pattern of behaviour towards their co-workers, supervisors and clients, partners and local communities, both in business and business-related relationships.

The Comarch Group Code of Conduct is disseminated and popularized through activities of the PR section of Comarch S.A.

The full text of Comarch's Code of Conduct can be found at: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/kodeks-etyczny/> (ENG: <https://comarch.com/company/code-of-conduct/>).

All ambiguities, problems related to the interpretation of the content of the Code of Conduct are solved by the Ethics Officer appointed by the Management Board. Comarch employees are encouraged to submit any comments and modifications related to the content of this Code of Conduct.

The duties of the Ethics Officer are:

- Supporting employees in compliance with the Code of Conduct,
- Promoting the idea of the Code inside the company,
- Updating the content of the Code,
- Responding to appropriate work on current employees' problems related to the ethics of their business activities.

G.3.2.

As part of the Code of Conduct, the following critical risks were identified:

- Risk of violation of ethics, corporate responsibility, respect for human rights and environmental protection,
- The risk of child labour, forced labour, physical or mental coercion,
- The risk of discrimination in all its manifestations,
- Risk related to non-compliance with the rules of fair competition, prevention of bribery, illegal payments and corruption,
- Risk related to non-compliance with legal requirements, international standards regarding human rights and labour standards, internal procedures in the field of ethics.

G.3.1.

Comarch minimizes the risks related to non-compliance with the rules of the Code of Conduct by meeting basic recommendations for the safety of the work environment and adherence to international standards. Employees have the right to expect help and support from the Ethics Officer in the scope of reported inquiries to a dedicated email address. In addition, employees have the option of making anonymous reports about any violations of ethics through internal paper mail. According to the kept register, in 2015, on the above-mentioned address, 2 infringements of the Code was received, in 2016, there was one infringement of the Code and, in 2017, no infringements was received and in 2018, one such application was sent to the address. It should be emphasized, however, that none of the applications was related to the violation of labour law. All submissions were considered and analysed, and appropriate action was taken to resolve them.

G.4.3., S.3.4, S.6.2, S.6.3

Within the Comarch Group, there were no cases of discrimination or incidents of a discriminatory nature. In the case of any irregularities, including in the dimension of employment, employees have the opportunity to report them to supervisors. At the moment, there is no formal procedure for reporting complaints and irregularities.

The verification of compliance in Comarch is continuous. Employees are periodically trained and may use various paths to report irregularities related to non-compliance with the Comarch Code of Conduct. Other interested parties, e.g. clients, often use the opportunity to verify ethical issues in the form of meetings, audits of the other party and by collecting information through questionnaires. As a result of conducted audits in 2016-2018, but these were not separate ethical audits, no ethical irregularities were identified.

Comarch does not carry out stationary ethical audits with suppliers, however, as part of the Sustainable Development Policy for Suppliers, Comarch supports and encourages suppliers to follow ethical principles in their activities. In the survey of suppliers carried out in 2017, on a question in the survey: Does your company have implemented the Code of Conduct? "YES" was answered by 94% of companies participating in the survey. Suppliers who answered "YES" to this question in 2018 accounted for 44% of respondents. This percentage reduction in the number of suppliers confirming the implementation of the Code of Ethics may result from the increase in the scale of the study - it included a larger number of companies than in the pilot year 2017, and the fact that some companies that then returned the answers to the questionnaire, in the next year did not take participation in the survey. The survey will be repeated cyclically, once a year, to enable active suppliers of Comarch CG to update previously provided information on, among others, applicable Code of Ethics Comarch does not oblige suppliers to comply with ethical standards implemented in Comarch.

4.3. Human Rights**S.7.1., S.7.2., S.7.6., S.8.1., S.8.2.**

The Comarch Capital Group respects and complies with international standards regarding human rights and international labour standards, treating them as fundamental and universal. Respects and implements labour law and occupational safety and hygiene regulations, and also ensures that employees are always treated in accordance with the applicable requirements.

Recognizing the right of employees to free association, Comarch undertakes a dialogue with the elected council of employee representatives. Comarch has not identified cases in which there may be a violation of the rules or there may be a serious risk of association and collective bargaining both within the organization and among suppliers.

Comarch respect to the prohibition of discrimination due to: race, social status, ethnic origin, religion, disability, invalidity, gender, sexual orientation, relationship or political affiliation, age or marital status.

Comarch guarantees freedom of opinion, conscience and religion as well as freedom of beliefs and expression. The Comarch Capital Group promotes team work free from any prejudices and consciously derives strength and values resulting from the diversity of its employees. In return, company makes every effort to provide its employees with fair and regularly paid wages, the possibility of development, interesting and ambitious challenges and very good working conditions.

The Comarch Capital Group protects the copyrights of its employees and also, in relation to international standards, respects intellectual property as an individual good, safe from abuse.

The Comarch Capital Group respects the prohibition of the work of children under 16, forced labour, corporal punishment, mental and physical coercion and insults, as well as the prohibition of sexual harassment, and declares the workplace to be free of such practices.

G.4.6.

Both Comarch S.A. as well as the Comarch Group did not identify cases of violation of human rights, child labour or forced labour, including subcontractors. No complaints about respect for human rights were received.

Employees of the Comarch Group companies are trained in the dimension of respect for human rights and in the ethical area during *first step* training organized by the employer in the first days of work at Comarch.

Comarch SA	2018	2017
number of people participating in training	608	515
total number of training hours	608	515
% of trained employees from among newly hired	90%	85%

Comarch Capital Group	2018	2017
number of people participating in training	608	554
total number of training hours	659	554
% of trained employees from among newly hired	85%	71%

The Comarch Group companies do not employ security employees directly. External companies provide security services to Comarch. So far, in security renting agreements, no record connected with training in human rights issues of a securities employees has been formalized. Works on annexes to contracts for rented security companies are underway, in which contractors will provide training for their employees with human rights issues.

4.4. Declaration of Polish Business for Sustainable Development

In May 2014, Comarch signed the "Declaration of Polish Business for Sustainable Development" and thus made assurance, that will actively work towards the development goals set out in the Vision of Sustainable Development for Polish Business 2050. The content of the Declaration is ten assumptions that will allow in the future, live with dignity and wisely use the limited resources of our Planet.

Signing of the Declaration took place with the inauguration of the 3rd Stage of the Sustainable Development Vision project for Polish Business 2050. The participants of the meeting were made aware with the proposals planned for the 3rd Stage of Vision 2050. The signatories of the Declaration have the opportunity to engage in the following working groups: social innovation, sustainable production and consumption, renewable energy sources, greening the new perspective and small and medium enterprises.

The Vision 2050 project refers to the international initiative taken by the World Business Council for Sustainable Development (WBCSD). Vision 2050 is a joint project of the Ministry of Economy, Ministry of the Environment, Responsible Business Forum and consulting company PwC. The aim of the undertaken activities is to integrate business in Poland around the idea of sustainable development, to indicate to business representatives the importance of challenges in this area and to strengthen the administration and business dialogue to develop specific solutions to support the implementation of

Poland's development goals. Comarch has been cooperating with the organization of the recovery of electrical and electronic equipment for several years.

By signing the "Declaration of Polish Business for Sustainable Development," Comarch committed to:

- Support its activities for broad cooperation, innovative thinking and education of both your own employees and society,
- Conduct its business based on trust and dialogue,
- Cooperate with academic centres and schools in the field of education of future employees,
- Create conditions and development opportunities for employees,
- To promote and support the implementation of new technological solutions,
- Create infrastructure and conduct investments based on dialogue and in accordance with the principles of sustainable development,
- Take action to reduce its negative impact on the environment,
- Introduce a solution that reduce energy consumption, both in the implementation of new technological solutions, process optimization and education,
- Conduct a dialogue with the government and share its experiences on issues important to entrepreneurs and the economy,
- Raise the level of ethics in business, including in relations with all groups of stakeholders.

The risk for the above Declaration is failure to meet its assumptions. Comarch is successively striving to meet them through effective implementation of processes within the Integrated Management System and implementation of all the above-described policies.

4.5. Corporate Social Responsibility

S.9.1., S.9.3., S.9.4., S.9.5., S.9.6.

Socially responsible business is largely based on activities for the benefit of the local community. Comarch Capital Group from the beginning of its activity has been widely involved in social activities, propagating the idea of creating a broad social platform, on the grounds of which sport and the latest IT technologies are promoted. Also important are activities that promote a healthy lifestyle and environmental protection, help animals, as well as involvement in culture and supporting initiatives of local communities.

CSR foundations in Comarch are the basis for activities in the area of corporate social responsibility is the Code of Conduct adopted and functioning in the company. The detailed CSR report in the Comarch Group is documented and presented every year in the Corporate Social Responsibility Report of the Comarch Group, which is posted on the Internet at: <https://www.comarch.com/company/corporate-social-responsibility/>.

Every year, the Comarch Group observes an increase in employee involvement in actions undertaken in the area of CSR. The email address csr@comarch.pl was created for communication, the possibility of reporting new issues in this area.

COMARCH FOR CULTURE

Comarch to improve the quality of organ music in the St. Mary's church.

In 2018, Comarch continued to financially support the project of organ repair and revitalization of the musical space in the St. Mary's church. As a result of the restoration, the organs authored by Kazimierz Żebrowski regained their original shine and noble sound. They were put into operation and dedicated by the Metropolitan of Krakow on the 15th of December, 2018. For many years the Krakow company has been cooperating with the Marian parish in organizing musical events and sponsoring the Mariac Organ Festival - a series of summer musical events in the walls of the parish - from the very beginning of its existence. The company also wants the city in which its headquarters are located to grow as a meeting place for lovers of broadly understood culture from around the world.

- *For many years we have been cooperating with St. Mary's Parish in organizing musical events and we are sponsoring the Mariac Organ Festival. That's why we got involved in organ renovation. We want the instrument to regain its sound, and the city and the local community received a high-class monument*
- says **prof. Janusz Filipiak, founder and president of Comarch S.A.**

COMARCH ACTIVITIES OUTSIDE POLAND

In 2018, Comarch Swiss AG financially supported the Polish Museum in Rapperswil in Switzerland.

COMARCH PLAYS WITH LAST NIGHT OF THE PROMS

Last year, Comarch sponsored the event, which became part of the Krakow cultural calendar - the concert of Last Night of the Proms.

GRADUATION PROJECT

For the first time, the company was also involved in the Graduation Project - an overview of the best diploma thesis for people from the Visegrad Group countries. In 2018 347 diplomas were submitted for the review, from which the jury selected 30 designs for the exhibition. Diplomas will be shown in June 2019, during the European Design Festival at the Palace of Culture and Science in Warsaw and in autumn at Vienna Design Week. The vernissage in Cieszyn will be accompanied by the ceremonial handing of special distinctions - paid internships at Comarch.

COMARCH CARES GRANT COMPETITION

Comarch's employees and collaborators can apply to the #ComarchCares Grant Contest who, together with institutions (foundations, associations, educational and educational institutions), want to implement pro-social activities. In the spring of 2018, two projects submitted in the autumn edition of 2017 were implemented. The first one is a series of workshops balancing the learning skills of children and young people from families affected by dysfunctions, carried out by a team from Warsaw. The second project "Clean Air" of the team from Łódź assumed the purchase of air-purifying filters in pre-school rooms and conducting educational workshops on environmental protection and health prevention. In autumn 2018 the next edition of the competition was resolved, in which two winning grants were selected: Programming has the future of the team from Tarnów and the team project from Poznań Programming - an adventure for a lifetime. Projects will be implemented in 2019.

CHRISTMAS COLLECTIONS FOR LOCAL COMMUNITIES

As in previous years and in 2018, employees from Polish Comarch companies in branches all over Poland, they joined the organization of Christmas collections for those in need. Over a dozen organizations received support and institutions, including Hospice of St. Lazarus in Krakow, Center of Welfare and Education Institutions "Parkowa", "Wielkopolski Bank Żywności", Foundation for Children with Cancer Diseases and Hospice For Children "Pomóż Im", Lublin Hospice named after the Little Prince.



WE MADE KRAKÓW GREEN

Last year, the company continued the greening of the capital of Małopolska together with the Management of the City Greenery in Krakow. Employees of the Comarch Group along with their families planted 200 hornbeams and chestnut trees at Planty Krakowskie. In addition, they distributed 500 pot plant cuttings to the residents of Krakow. The company plans to continue the operation in the future.

PULARIZATION OF SCIENCE

Since the beginning of its existence, the Comarch Group has been actively cooperating with schools, universities and other educational institutions. In individual branches, employee initiatives arise that involve spending time on students at dedicated courses or occasional meetings. The company continues the program to start a career in the IT industry for students. In 2018, the 16th edition of the holiday IT internship was held, attended by 405 IT students and early UX designers. 78 percent internship participants decided to continue cooperation with the company. In addition, having many graduates of the AGH University of Science and Technology in Krakow and cooperating with this university in many fields from the beginning of the company's establishment, Comarch decided to support the celebration of the 100th anniversary of the academy.



COMARCH FOR EDUCATION

Comarch promotes knowledge about ERP systems among universities and vocational schools with economic profiles. This activity is carried out through:

- lending Comarch ERP systems in educational versions (over 570 outlets and educational institutions equipped with educational versions of Comarch ERP),
- ERP meetings and seminars for lecturers and students,
- trainings for teachers in the field of Comarch ERP systems.

Comarch also prepared the first dedicated exercise books for economic schools, with a view to professional examinations for an economist technician.

SPORT AND HEALTHY LIFESTYLE

For 25 years Polish companies of the Comarch Group have been involved in the promotion of sport among young people and residents of the Małopolska province, mainly through the sponsorship of the Cracovia Sport Club by Comarch S.A. It also promotes a healthy and active lifestyle among its employees. In Poland, Comarch encourages employees to come by bicycle to work, providing bicycle infrastructure and occasional bicycle-related activities.

During the annual "Bicycle Breakfast" event, employees who came to work by bicycle on that day received a healthy snack. Many sporting events are also accompanied by sports activities.



The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes. In 2018 employees of the Comarch Group



companies in Poland participated in several running events in Poland, as well as volleyball and football competitions. In addition, people working in the company's location in Krakow took part in the Comarch World Cup (over a dozen teams, 200 players). Also in 2018, in the summer season, employees of the Comarch Group in Poland have been able to face the training challenges during the ComarchONrun cross-country and Comarchonbike cycling competition for the fourth time. The Comarch Recreation Center is at the disposal of employees of the Comarch Group companies in Kraków and their families..

IMED24 IS A PARTNER OF THE RUN FAMILY RUN AND CAPOEIRA WORKSHOPS

The iMed24 Medical Centre supports events that promote an active, healthy lifestyle, which is why it is a Medical Partner of two sporting events: the Run Family Run Krakow and Martial Arts Workshops - Capoeira.



CRACOVIA FOR CHILDREN

Hockey players and footballers of Cracovia are frequent guests in educational institutions. Our athletes mainly visit primary schools and kindergartens. In addition, the players are in class as part of the Cracovia KIDS project, whose goal is primarily to promote a healthy, sporty lifestyle from the youngest. In the Christmas area, Santa Claus appeared at hockey and football matches, giving presents to the youngest fans. The hockey action

Teddy Bear Toss is constantly popular, in which the patients of the University Children's Hospital receive a lot of stuffed mascots from the hands of Comarch Cracovia hockey players. The Striped Children's Day, organized at the stadium, is permanently added to the calendar. A novelty, however, is the Football Player's Day, organized for the first time in 2018. The event is also addressed to the youngest. Cracovia also cares about the safety of its youngest fans by organizing the "Strefa Małego Pasiaka" (Little Stripes Sphere) on the stadium. There are various games and games for children, and the children are supervised by volunteers from the "Cracovia to My" (Cracovia is Us) association. The area is a frequent place for Cracovia athletes to meet with children, give autographs and pose for photos. In order to promote a healthy lifestyle among children, Cracovia organizes a PE lesson or "Klasy w Pasy" (Classes in Stripes), action. In 2018, on the Day of Healthy Nutrition, athletes went out to the city and handed apples to the youngest passers-by.



CRACOVIA IN CHARITY ACTIONS FOR POOR AND PATIENTS

A constant element is supporting the "Szlachetna paczka" and "Wielka Orkiestra Świątecznej Pomocy". Traditionally, both football players and Cracovia ice hockey players made their packages as part of the "Szlachetna paczka". The athletes also joined the support of Cracovia, a whiplash sufferer of leukemia. The players visited him in the hospital and handed them presents. The club through the website appealed to donate blood to him. The #PasyDlaPasów campaign initiated by the supporters of Cracovia, involving the collection of funds for the purchase of subscriptions for fans who are in a difficult financial situation, also rebounded. The club joined the shares and decided to double the amount collected by the fans. In addition, the club donates a lot of gadgets for smaller charity campaigns

S.9.1. S.9.2.

Comarch's operational activity does not cause a nuisance to the local community or pose a threat to its security. In 2018, no complaints filed by the local community were recorded.

The company does not have its own code of ethics in marketing communication, however, it adheres to the basic principles of ethics in the matters of responsible marketing communication. Marketing activities undertaken by Comarch do not include discriminatory content, in particular on grounds of race, religious beliefs, sex or nationality, and do not have elements that encourage violence. Comarch ads cannot mislead the recipients and must be implemented in an understandable way. Comarch's sponsorship and related agreements must be implemented in an easy-to-read and understandable way by the environment and must not violate good manners.

S.9.4.

The total amount of donations for social purposes

in thousands of PLN	2018	2017
Comarch S.A.	24	1,722
major recipients	<i>The Parish of St. Mary's Basilica in Cracow</i> <i>Archdiocese of Krakow</i> <i>"Nowa Huta Alternative Fundacja Sztuka Przyszłości"</i>	<i>The Parish of St. Mary's Basilica in Cracow</i>
Comarch Group	81	1,878
major recipients	<i>The Parish of St. Mary's Basilica in Cracow</i>	<i>The Parish of St. Mary's Basilica in Cracow</i> <i>Polish Museum in Rapperswil in Switzerland</i>

S.9.5. The total amount of donations for sponsoring

in thousands of PLN	2018	2017
Comarch S.A.	6,600	6,600
<i>major sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i>
Comarch Group	6,600	7,015
<i>major sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i> <i>Football club ZUG 94</i>

S.9.6. Regardless of the activities carried out and coordinated by the company, employees of the Comarch Group engage in many charity actions (such as volunteering or Szlachetna Paczka).

4.6. Anti-corruption Practices

[dimensions: society, employment, corruption counteracting]

The Comarch Group respects the principles of fair competition, prevention of bribery, illegal payments and corruption.

No legal steps were taken regarding violations of the rules of free competition and monopolistic practices towards Comarch S.A., nor for any other company from the Comarch Group. As well as, no non-monetary sanctions for non-compliance with laws and regulations have been imposed.

The duty of employees of the Comarch Capital Group is to avoid activities leading to a conflict of interest, i.e., accepting and offering gifts as part of conducting business and commercial activities. Employees cannot pay or offer bribes or illegal benefits to civil officers or representatives of political parties in order to conclude or retain transactions. Comarch employees cannot take advantage of any benefits or help in achieving benefits from opportunities that may arise as a result of using information or position in the company.

G.3.2. As part of good anti-corruption practices, the following critical risks were identified:

- Risk related to non-compliance with the rules of fair competition, prevention of bribery, illegal payments and corruption,
- Risk of conflicts of interest within the scope of conducted activity,
- The risk of losing a job, imposing financial penalties and notifying law enforcement authorities,
- The risk related to the occurrence of illegal benefits for employees, business partners or other third parties (including civil officers and representatives of political parties),
- The risk related to non-compliance with legal requirements and internal procedures, regarding to the rules of corruption counteracting.

G.3.1. Under internal regulations, employees are required to report gifts from customers and suppliers to a dedicated email address.

Internal financial and accounting processes are built based on IT systems that require multi-level decisions and verifications. Access to key data and functions is limited and supervised, and activities are logged. All this is designed to prevent unauthorized transactions by employees.

The above provisions, apart from Comarch internal regulations, are included, among others, in point V of the Code of Conduct of the Comarch Group described above. Work on the adoption and implementation of the Anti-Corruption Policy as a separate document is in progress.

S.10.1

The Group assessed its activities in terms of the possibility of corruption and takes steps to minimize the associated risks, including by implementing procedures to prevent corrupt behaviours as well as conducting training among employees who may come across such behaviours.

S.10.3

No confirmed cases of corruption.

Comarch does not provide support to political parties, politicians and institutions of a similar nature.

S.10.2

No cases of corruption-related behaviours were reported.

4.7. Corporate Governance

G.2.1, G.2.3

Corporate governance is a set of rules of conduct, addressed both to the bodies of companies and members of these bodies, as well as to majority and minority shareholders. The corporate governance principles refer to the broadly understood management of the Company. Comarch S.A. is subject to a new set of corporate governance principles called "Good Practices of WSE Listed Companies 2016", adopted by the Warsaw Stock Exchange Board in Warsaw in 2015.

Good Practices of WSE Listed Companies is the subject of annual reports on conduct in compliance with corporate governance principles drawn up by listed companies. Attached to the annual report made public on April 29, 2019, the Management Board of Comarch S.A. submitted a report on the application of corporate governance principles by Comarch S.A. in 2018.

The Management Board and the Supervisory Board of Comarch S.A. make every effort to comply with most of the principles of Good Practices of WSE Listed Companies in the scope covered by the principle of "comply or explain" - which is based on providing the market by the company with clear information about the breach of practice. In 2018, as in previous years, Comarch S.A. did not comply with the recommendation to use the right to vote during the general meeting personally or through a proxy, outside the venue of the general meeting, using electronic means of communication. The company also does not apply a part of the policy of remuneration. Detailed information on this subject can be found in the Report regarding the acceptance of corporate governance principles in Comarch S.A. published in 2018.

In accordance with the corporate governance principles and the Commercial Companies Code in Comarch S.A. the Supervisory Board operates together with a separate audit committee.

The Supervisory Board supervises the ongoing operations of the Company and the Group, in particular through:

- monitoring and analysing of the financial and organizational situation,
- evaluation of the strategy implementation by the Management Board,
- setting business goals for members of the Management Board and assessing their implementation,
- evaluation of the operations of selected business areas
- analysis and assessment of the risk related to the activity,
- supervision over the Export Control System,
- assessment and approval of financial statements.

The tasks of the Audit Committee cover in particular:

- supervising the reporting process and financial auditing,
- monitoring the effectiveness of internal control systems, internal audit and risk management,

- verification of the independence of the expert auditor and the entity authorized to audit financial statements.

The full text of the Report regarding the acceptance of the corporate governance principles is also available at: <https://comarch.com/investors/corporate-governance/>

4.8. Risks within Integrated Management System

G.3.1., G.3.2.

Each of the subsystems included in the Integrated Management System Comarch covers its scope with a different subject matter and is characterized by specific risks. The Quality Management System puts a special emphasis on the risks associated with the overall functioning of the organization and its processes, documentation and relations with Suppliers. Environmental and occupational health and safety management take into account risks related to employee issues and impact on the environment. The Internal Control System regulates the issues of international trade in goods and technologies and ensures compliance of processes with specific legal requirements. The AQAP system, concerning the implementation of projects for the armed forces, contains restrictive requirements and is built on risk management as part of ongoing projects

These risks are considered and taken into account at various levels - starting from the policies defining the main assumptions in a given field, through the procedures governing the functioning of processes, and ending with specific actions embedded in the internal mechanisms and information systems used by Comarch. The risks listed and specific mechanisms for managing them are described in the previous chapters.

Comarch is aware of the importance of identifying, analysing and dealing with risk. As part of the activities carried out, the Integrated Management System is adapted on an ongoing basis to the requirements of the updated ISO standards, in which particular emphasis is put on issues related to at risk - a risk-based approach to management is recommended and risk at system level should be considered.

5. Contractors

Within the organizational structure of the Comarch Group there is a Contractor Management Department involved in verifying and analysing contractors..

The main competences of this department include:

- managing of the database of system counterparties operating within the Comarch Group (verification, analysis, collection of documents),
- managing of access to data and analyses of external companies from the business information industry,
- preparing of reports (a broad spectrum) about contractors of the Comarch Group for the needs of other departments or auditors,
- participating in suppliers' evaluation and selection procedures.

G.1.2., S.4.12., S.6.4., S.7.4., S.7.6., S.8.4., S.15.1., S.15.3., S.15.4.

5.1. Suppliers

The main sources of supply for Comarch S.A. and the Comarch Capital Group are international concerns, i.e. manufacturers of computer hardware and software as well as electronics, which are used for the equipment production. Most orders are made through purchases in local branches and local distribution. The activity of the Comarch Group is not dependent on a single supplier. In 2018, as in the previous

year, none of the contractors provided products or services with a value exceeding 10% of the Comarch Group's sales revenues.

The Comarch Capital Group has an enormous range of products and services, of which the implementation requires cooperation with suppliers, which complement the portfolio of services and own licenses and allow the extension of the offer with third party products.

The portfolio of third-party products includes primarily well-known and internationally recognized brands and manufacturers. Comarch cooperates with suppliers mainly through local authorized distributors that help in solving of logistic problems as well as organizing of fast delivery to the customer.

Comarch's suppliers are producers of computer hardware, licensors, service providers, contractors and electronics manufacturers. The last regards the production offer of own devices developed in the Comarch Group.

The due date normally used in contracts with suppliers is 30-60 days. The Comarch Group strives to ensure that liabilities to suppliers are settled on time. As in the previous year, the rate of payments received on-time in Comarch S.A. amounted to 95% of the value of liabilities and 93% in the Comarch Group (94% in previous year).

Comarch, a global integrator and creator of innovative solutions and information systems, in the care of the quality of its products and services, attaches great importance to the careful selection of suppliers.

The main selection criteria are: price, time of order fulfilment and opinion on the market. However, consideration is also given to aspects related to respect for human rights suppliers, employment practices, the impact of their activities on the local community and the environment.

For years, actively working for sustainable development, Comarch encourages suppliers to follow ethical principles, social responsibility and manage environmental impact in a responsible manner. Hence, based on international recommendations contained among others in the Universal Declaration of Human Rights of the UN, International Labour Standards of the ILO, ISO standards and many others, the Sustainable Development Policy for Suppliers was developed.

In accordance with its assumptions, Comarch from its key suppliers requires compliance with the following rules:

- managing environmental impact in a responsible manner in accordance with ISO 14001 or similar standards to reduce the negative impact on the environment,
- applying occupational safety and health standards in accordance with OHSAS 18001 or a similar standard to minimize risks related to occupational hazards and prevent injuries,
- applying with understanding good business practices, social issues and environmental protection, which are related to the activities of the supplier,
- operating in accordance with applicable law,
- recognizing of employees' right to associate and collective bargaining,
- prohibiting of discrimination in all its manifestations, due to: race, social status, ethnic origin, religion impairment, disability, gender, sexual orientation, relationship or political affiliation, age or marital status,
- no employing children under 16 and on corporal punishment, mental and physical coercion, abuse and sexual harassment,
- elimination of forced labour,
- complying with the principles of the Universal Declaration of Human Rights of the United Nations.

Companies applying for the status of a Comarch supplier receive a questionnaire to complete, which contains questions about the scope of implemented and certified management systems, regarding occupational health and safety, social responsibility, care for environmental protection, energy management and information protection. Answers provided in the questionnaire are validated, and then the company is qualified by the system to one of four categories of suppliers: I - chosen for cooperation in the first place, II - second order, III - reserve, IV - risky. The highest, first category is given to those companies that declare adherence to the highest standards.

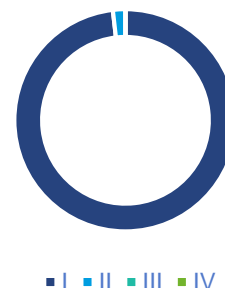
In 2018, surveys have been sent to 154 suppliers. 18 companies sent back the answer. In the next stage of the analysis, after the execution of the order, the quality of cooperation is also evaluated. Included are: flexibility in solving problems, information flow during the process of ordering, keeping the delivery deadline / performance of the service, compliance of the order with the specification, invoice compliance with arrangements (price, payment terms). Based on the average assessment of cooperation from the last year of the assignment provider is one of four categories:

- I - chosen for cooperation in the first place,
- II - second order,
- III - reserve,
- IV - risky.

Evaluation of cooperation

Results, condition as of 11th of February, 2019. Cooperation with 110 suppliers was assessed.

Category			
I	II	III	IV
98%	2%	0%	0%



The results of supplier analysis are collected in the IT system, which allows quick generation of cross-sectional reports and conducting periodic monitoring.

Geographical structure of suppliers.

According to the geographical structure of operations, the Comarch Group distinguishes the following market segments: Poland, Europe-DACH, Europe-other, America and other countries. Local suppliers are defined as having their headquarters in a country where Comarch operates.

The following tables present the share of purchase values from suppliers in each location.

Suppliers of Comarch S.A. - share of purchase value from suppliers in each location	2018	2017
Poland	83%	89%
DACH	3%	3%
Europa-other	11%	8%
Americas	1%	0%
Other	2%	0%

Comarch business region - share of purchase value from suppliers in each location	Local suppliers %		Foreign suppliers %	
	2018	2017	2018	2017
Poland	98%	98%	2%	2%
DACH	55%	50%	50%	50%
Europa-other	36%	33%	64%	67%
Americas	43%	35%	57%	65%
Other	44%	58%	56%	42%

G.4.7, S.4.11., S.7.3., S.8.3., E.7.5.

manufacturers and key subcontractors, which in 2017 and 2018 exceeded the turnover of 100,000. PLN, contains provisions typical of ethical standards, anti-corruption, health and safety, and respect for human rights. The companies with which Comarch cooperates are large international corporations, where a lot of attention is paid to compliance with ethical requirements, work safety regulations, human rights, including the prohibition of child labour or forced labour.

Comarch analyses and selects suppliers to promote those companies that are guided by the principles of ethics, social responsibility, human rights and environmental protection

KEY MANUFACTURERS AND SUBCONTRACTORS 2017	Ethics	Health and Safety	Human rights	Respect for the environment	Human rights including the prohibition of child labour or forced labour
Comarch SA	77.1%	43.3%	72.2%	46.3%	72.2%
Comarch Group	77.1%	43.2%	72.2%	46.2%	72.2%

KEY MANUFACTURERS AND SUBCONTRACTORS 2018	Ethics	Health and Safety	Human rights	Respect for the environment	Human rights including the prohibition of child labour or forced labour
Comarch SA	60.4%	35.5%	72.1%	47.9%	72.1%
Comarch Group	66.2%	31.7%	61.0%	32.3%	61.0%

5.2. Customers

S.15.2.

Regarding the type of IT systems offered by Comarch, the main group of recipients are medium and large enterprises, which are the largest recipients of advanced IT solutions all over the world. Most Comarch products are addressed to a specific group of customers, whereas IT services, due to their universal character, are offered to each group of clients. The Comarch offer is intended for Polish and foreign clients. For many years, one of the main strategic goals of Comarch has been the development of sales of increasing number of products on foreign markets, in particular in Western Europe, Americas and Asia. The sales of the Comarch Group are highly diversified and there is no dependence on one recipient. Similarly, for Comarch Group, sales in 2018 to any of the contractors did not exceed 10% of total sales.

The most important principles of the Comarch Capital Group are: responsibility for the clients' success as well as respect and openness to their needs. Comarch provides its clients with innovative IT products of the highest quality, thanks to high skills, experience and competence of employees, cooperation with leading research and science centres both in Poland and abroad. Comarch makes every effort to ensure that the delivered IT solutions meet the highest standards and customer expectations.

Contacts with a government entities

In terms of contacts with public sector entities (central and local government administration, municipal companies, State Treasury companies, public health care centres), the provisions of the Public Procurement Act of 29 January 2004 (Journal of Laws of 2017, item. 1579 with later changes). These provisions regulate the manner of communication with the ordering party during the tender procedure, the scope of activities that may be undertaken by the parties to the proceedings and legal protection measures.

Security in international business

In order to ensure control and security of foreign trade of goods, technologies and services of strategic importance for the State's security, the Comarch Capital Group has implemented an Internal Control System that ensures the application of international and domestic standards and legal requirements. Comarch does not sell products that are banned or cause controversy among stakeholders.

Customer satisfaction survey

The Customer Satisfaction Survey Program is a chance for Comarch to obtain information and then to introduce improvements to ensure a high level of satisfaction from cooperation with Comarch. As part of the program, we examine the opinion of our clients about the services and products manufactured by Comarch.

The basic element of the survey is a short on-line questionnaire sent to our clients, which contains closed questions with grades 1-10 and open-ended questions. Respondents are divided into three groups of clients: management, project managers and users.

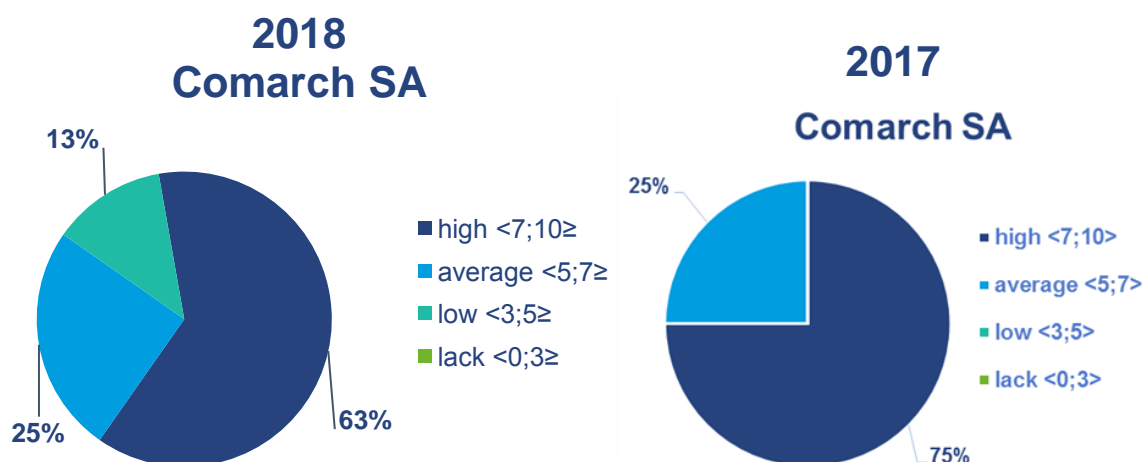
Thanks to the information obtained from the surveys, we can correctly identify and prioritize actions aimed at providing our clients with maximum satisfaction from cooperation with Comarch.

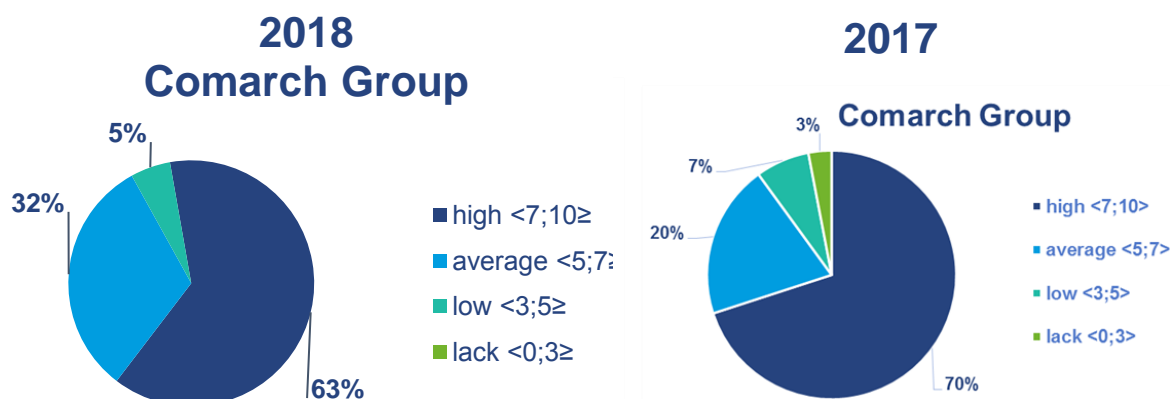
Phases of customer satisfaction survey:

- Collecting customer reviews,
- Analysing of reports,
- Determining corrective actions,
- Implementation of corrective and preventive actions,
- Verifying of the implementation of corrective and preventive actions.

The following pie graphs show how the overall satisfaction with cooperation with Comarch in 2018 was shaped. The indicator of average customer satisfaction consisted of, among others, general satisfaction with cooperation with Comarch, willingness to recommend Comarch products/services to another company, willingness to purchase Comarch products/services in the future, satisfaction with Comarch prices compared to their quality, the way how Comarch conducts business talks, negotiations and signing of contracts.

Overall customer satisfaction with cooperation with Comarch in 2018:





Scale: 1 - the customer is completely dissatisfied; 10- customer fully satisfied

Below we present the highest rated aspects of satisfaction of clients of Comarch S.A. and Comarch Group:

- High personal culture and the ability to communicate,
- Expertise of employees,
- High quality of services provided,
- Customer focus,
- Rapid response to the notification,
- Flexibility in adapting software to customer needs,
- Product quality.

5.3. Safety of Products and Consumers

The information on safety of the use of the product or service, the way the product is disposed of and the environmental/social impact is required by the organization's procedures to share with the customer and to label products and services.

All medical devices manufactured by the Comarch Group are subject to assessment in terms of compliance with the essential requirements in accordance with Directive 93/42 / EEC and the Medical Devices Act of May 20, 2010 (Journal of Laws No. 107 item 679), as well as the Directive of the European Parliament. and Council 2011/65 / EU of 6 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment. In addition, all medical devices are compliant with the procedure P02-01 Risk management.

In 2018 and 2017, no inconsistencies were reported regarding incorrect product labelling.

Neither Comarch SA nor any other company from the Comarch Group were fined for non-compliance with laws and regulations regarding the delivery and use of products and services.

S.11.1.

There have been no instances of breaches of procedures regarding the safety of products and services.

S.11.3., S.12.3.

No penalties have been imposed on Comarch SA or Comarch Group companies for non-compliance with laws and regulations on issues related to customer safety, reliability and ethics of marketing communication.

S.12.1.

The Comarch Group did not report incidents of non-compliance with regulations and voluntary codes concerning marketing communication (including advertising, promotion, sponsorship).

S.13.1., S.13.2., S.13.3.

In 2018, Comarch S.A. did not report any complaints regarding a breach of customer privacy. In 2018, no leakages, theft or loss of personal data were also identified. In 2018, there were no administrative proceedings against Comarch Group companies (i.e. GIODO). In 2018, no penalties were imposed on the companies of the Comarch Group for non-compliance with laws and regulations on issues related to the protection of personal data (neither legally valid nor unlawful).

In accordance with the requirements of Regulation (EU) 2016/679 of the European Parliament and of the Council of the 27th of April, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and the repeal of Directive 95/46 /WE (RODO) article 33 paragraph 5, companies of the Comarch Group keep records of violations of personal data protection - internal records of violations of personal data protection, as well as the Inspector of Personal Data Protection.

In 2018, there were 3 breaches of personal data protection, however, the analysis showed that they did not require notification to the supervisory body due to the fact that it is unlikely that they would result in the risk of violating the rights or freedoms of natural persons.

S.11.2., S.12.2., S.14.2., S.15.5.

No proceedings were conducted by UOKIK (Office for Competition and Consumer Protection).

S.15.6.

Neither Comarch S.A. nor other Comarch companies has been punished for any anti-competitive and anti-market behaviour.

S.14.1., S.14.3.

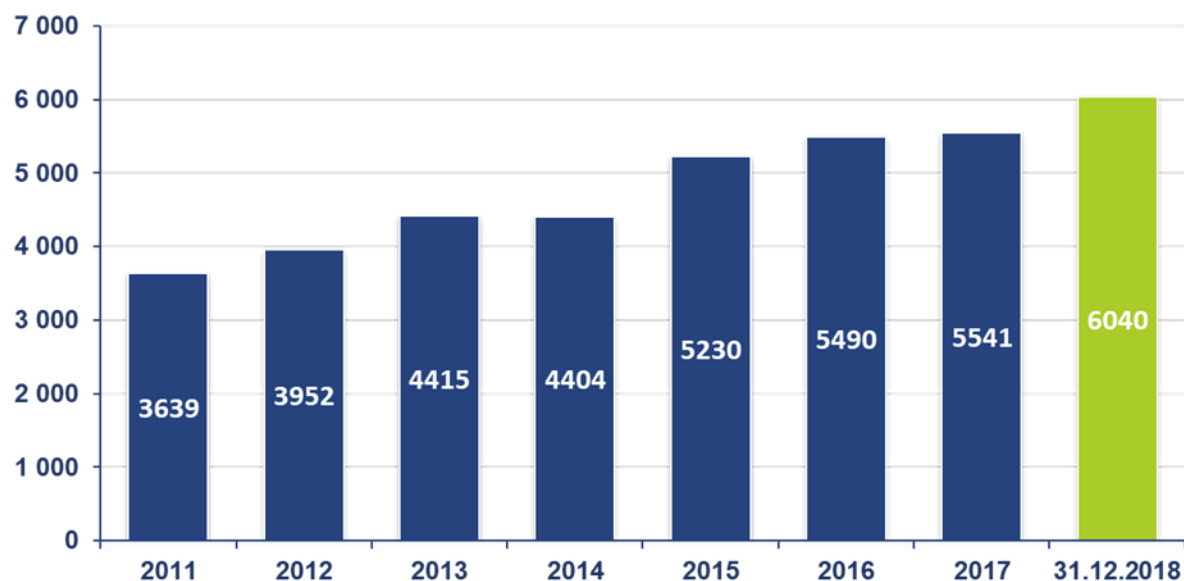
Neither Comarch S.A. nor other Comarch companies has been subjected to any penalties related to improper product labelling. There were also no cases of non-compliance related to the incorrect labelling of the product.

6. Human Resources (Social and Labour Area)

S.2.6., S.2.7., S.2.8., S.3.2., S.3.6.

The basic factor limiting the production capacity are human resources. To constantly invest in new products and IT technologies, the company needs employees with appropriate education and a wide range of competences. The company flexibly manages employee teams by continuously optimizing the allocation of resources in current commercial projects and internal R&D projects (construction of new products and updating of existing software not directly related to contracts with customers), using proprietary IT solutions for this purpose. As a result, the use of human resources is close to 100%. The Group diversifies the risk of restrictions on the availability of human resources by operating in 14 branches located in urban centres in Poland. As at December 31, 2018, 3,410 employees were employed in Krakow, 2,001 in other cities in Poland and 629 outside of Poland.

As at December 31, 2018 at Comarch S.A. 4,679 people were employed compared to 4,303 people employed as at December 31, 2017, while in the entire Capital Group the number of employees increased to 6,040 persons, compared to 5,541 people as at December 31, 2017.



6.1. Average Employment in Comarch Group from 2015 to 2018

Average employment in Comarch S.A., from 2015 to 2018 is presented in tables below:

Average number of employees	2018	2017	2016	2015
full-time	3,753	3,492	3,416	3,121
Co-workers	934	844	888	860
Total	4,687	4,336	4,304	3,981

Average number of employees	2018	2017	2016	2015
production employees and technical consultants	4,052	3,733	3,698	3,403
marketing and sales	168	161	179	177
management and administrative	407	372	353	340
other	60	70	74	61
Total	4,687	4,336	4,304	3,981

Average employment in the Comarch Group, from 2015 to 2018 is presented in tables below:

Average number of employees	2018	2017	2016	2015
full-time	4,727	4,393	4,323	4,066
Co-workers	1,364	1,245	1,276	1,238
Total	6,091	5,638	5,599	5,304

Average number of employees	2018	2017	2016	2015
production employees and technical consultants	4,797	4,369	4,342	4,104
marketing and sales	298	293	336	339
management and administrative	495	458	434	427
other	501	518	487	434
Total	6,091	5,638	5,599	5,304

Due to the constant development of its activity, both Comarch S.A. as well as the Comarch Group systematically increase the level of employment. The employment dynamics in 2018 was slightly higher than in previous years, which is caused by high demand for human resources in 2018.

6.2. Employment Rotation

S.2.2., S.2.3.

In 2018, the rotation among employees of Comarch S.A. and the Comarch Group did not differ from the previous years and remained at the standard level for the industry. The company strives to minimize employee turnover, especially among those key to Comarch's activity.

There were no complaints regarding employment practices under the formal complaint mechanisms.

6.3. Contracts under Which Work is Provided

S.2.1., S.2.4.

The dominant form of employment in Comarch S.A. and Comarch Group is employment contract. The duration of the employment contract (fixed-term or open-ended contract) depends on the employee's length of service. Other forms of employment are used only in justified cases (e.g. combining education with work).

Total number of employees at Comarch S.A. and the Comarch Group.

Type of employment	Sex	Comarch S.A.		Comarch Group	
		2018	2017	2018	2017
Employment contract	Women	1,117	1,037	1,471	1,376
	Men	2,627	2,449	3,243	3,007
	Total	3,744	3,486	4,714	4,383
Other forms of employment	Women	108	97	292	265
	Men	827	720	1,034	893
	Total	935	817	1,326	1,158
Total		4,679	4,303	6,040	5,541

Type of employment	Sex	Comarch S.A.		Comarch Group	
		2018	2017	2018	2017
Open-ended contract	Part Time	179	131	142	445
	Full Time	2,175	1,433	2,867	1,791
	Total	2,354	1,564	3,009	2,236
Fixed-term contract	Part Time	54	85	67	112
	Full Time	1,336	1,837	1,638	2,035
	Total	1,390	1,922	1,705	2,147
Total		3,744	3,486	4,714	4,383

Type of employment	Age	Comarch S.A.		Comarch Group	
		2018	2017	2018	2017
Open-ended contract	Under 30 years	484	152	568	236
	30-50 years	1,829	1,379	2,292	1,742
	over 50 years	41	33	149	140
	Total	2,354	1,564	3,009	2,118
Fixed-term contract	Under 30 years	1,119	1301	1,257	1,444
	30-50 years	263	615	416	797
	over 50 years	8	6	32	24
	Total	1,390	1,922	1,705	2,265
Total		3,744	3,486	4,714	4,383

Type of employment	Age	Comarch S.A.		Comarch Group	
		2018	2017	2018	2017
Open-ended contract	Women	695	447	916	643
	Men	1,659	1,117	2,093	1,475
	Total	2,354	1,564	3,009	2,118
Fixed-term contract	Women	422	590	555	733
	Men	968	1,332	1,150	1,532
	Total	1,390	1,922	1,705	2,265
Other forms of employment	Women	108	97	292	265
	Men	827	720	1,034	893
	Total	935	817	1,326	1,158
Total		4,679	4,303	6,040	5,541

S.2.5.

The number of employees in the Comarch Group as part of outsourcing is a small percentage of all employees.

In 2017-2018, all employees employed under a contract of employment at Comarch S.A. and in the Comarch Group were paid higher than the minimum wage.

Significant indirect economic impact

Workplaces created by Comarch S.A. and Polish companies of the Comarch Group in individual voivodships of Poland as at the last day of the year, all types of employment:

voivodeship	Comarch S.A.		Polish Companies of Comarch Capital Group	
	2018	2017	2018	2017
dolnośląskie	195	155	201	158
kujawsko-pomorskie	30	30	30	30
lubelskie	150	121	154	125
łódzkie	375	335	394	348
małopolskie	2,897	2,690	3,424	3,181
mazowieckie	241	244	284	269
podkarpackie	52	39	55	39
podlaskie	20	27	32	31
pomorskie	71	68	89	72
śląskie	412	372	507	470
świętokrzyskie	49	46	50	46
warmińsko-mazurskie	1	1	1	1
wielkopolskie	186	175	188	178
Total	4,679	4,303	5,409	4,948

Comarch S.A. and the Comarch Group diversifies the risk of restrictions on the availability of human resources by operating in 17 branches located in urban centres in Poland. By opening new branches and creating new workplaces, Comarch contributes to the development of the regions in which it operates. An example is Łódź, where in 2017 a modern Comarch office building was put into operation, which is located in the place where the historic Weiner factory was located. Its walls have been aesthetically integrated into the Comarch office building, resulting in a building with unique architecture and work comfort. New office space will allow to create new workplaces, which will make Łódź the second centre of Comarch in Poland in the near future.

S.2.15.

In the Polish companies of the Comarch Group, additional medical packages are a benefit available to persons employed on a contract of employment (regardless of the duration of the contract and working time). In the foreign companies of the Comarch Group, additional medical packages are provided taking into account local regulations and market practices in this regard.

S.2.14.**Indicators of returning to work and maintaining employment after maternity/paternity leave, in division by gender:**

Comarch S.A. and the Comarch Group supports employees deciding on parenthood and provides the opportunity to return to work after taking a leave related to maternity/paternity. The vast majority of employees return after their maternity/paternity leave to previously occupied positions. Comarch S.A. and the Comarch Group enable flexible adaptation of the working time to the needs related to parenthood.

	Sex	Comarch S.A.		Comarch Group	
		2018	2017	2018	2017
The number of people who took of maternity/paternity leave	Woman	85	79	110	104
	Men	6	7	12	12
	Total	91	86	122	116
The number of people who returned to work after the maternity/paternity leave	Woman	73	72	92	103
	Man	7	8	13	13
	Total	80	80	105	116
Return to work rate ^{a)}	Woman	92%	91%	84%	92%
	Man	100%	100%	100%	100%
Number of people who returned to work after maternity/paternity leave and was still employed for 12 months after returning to work	Woman	69	55	92	67
	Man	7	0	7	1
	Total	76	55	99	68
Employment maintenance rate ^{b)}	Woman	96%	92%	91%	88%
	Man	88%	---	78%	25%

a) Return to work rate - the ratio of the total number of employees who returned to work after maternity/paternity leave to the total number of employees who should return to work after maternity/paternity leave

b) Employment maintenance rate - the ratio of the total number of employees who maintained their job 12 months after returning to work after maternity/paternity leave to the total number of employees returning from maternity/paternity leave in previous reporting periods

The minimum period of standard notice given to employees and their selected representatives before the implementation of important operational changes that may have a significant impact on the employees of Polish companies of the Comarch Group is 4 weeks. Due to the lack of collective agreements in the Polish companies of the Comarch Group, the period of notice and the need for consultation and negotiations are not included in collective agreements. In the foreign companies of the Comarch Group, the periods of notice differ and depend on many factors, i.e. legal regulations of a given country, seniority or type of contract.

Covering the organization's pension liabilities resulting from defined benefit programs

In 2018, the introduction of Employee Pension Programs in the workplace was voluntary in Poland. In the Polish companies of the Comarch Group, such program has not been implemented. Employees of some of the Comarch Group's foreign companies participate in pension programs appropriate for the given countries. For the year 2019, it is planned to implement the Employee Capital Plans Group in Polish companies.

Composition of management, supervisory and staff bodies in division by categories by sex and age

All representatives of the management bodies of Comarch S.A. they are Polish citizens. The division by number of supervisory authorities by diversity category:

Year	Management body	Age	Woman	Man	Total
2018	Supervisory Board	Under 30 years	-	-	-
		30-50 years	1	1	2
		over 50 years	3	2	5
		Total	4	3	7
	Management Board	Under 30 years	-	-	-
		30-50 years	-	6	6
		over 50 years	-	1	1
		Total	-	7	7
	Total		4	10	14
2017	Supervisory Board	Under 30 years	-	-	-
		30-50 years	1	1	2
		over 50 years	3	2	5
		Total	4	3	7
	Management Board	Under 30 years	-	-	-
		30-50 years	-	6	6
		over 50 years	-	1	1
		Total	-	7	7
	Total		4	10	14

Representatives of the management bodies of the Comarch Group companies are citizens of different countries. The division by number of supervisory authorities by diversity category:

Year	Management body	Age	Woman	Man	Total
2018	Supervisory Board	Under 30 years	-	-	-
		30-50 years	1	25	26
		over 50 years	5	9	14
		Total	6	34	40
	Management Board	Under 30 years	-	-	-
		30-50 years	11	109	120
		over 50 years	4	16	20
		Total	15	125	140
	Total		21	159	180
2017	Supervisory Board	Under 30 years	-	-	-
		30-50 years	1	25	26
		over 50 years	5	9	14
		Total	6	34	40
	Management Board	Under 30 years	-	-	-
		30-50 years	11	110	121
		over 50 years	4	16	20
		Total	15	126	141
	Total		21	160	181

Percentage of employees divided into categories of employees employed on the basis of employment contracts by diversity category:

Comarch S.A.	2018			2017		
	Woman	Man	Total	Woman	Man	Total
administration	252	66	318	241	57	298
managerial	125	403	528	120	415	535
production	682	2,077	2,759	622	1,911	2,533
other	58	81	139	54	66	120
Total	1,117	2,627	3,744	1,037	2,449	3,486

**employed on the basis of employment contracts*

Comarch Capital Group	2018			2017			
	Categories of employees*	Woman	Man	Total	Woman	Man	Total
	administration	374	123	497	364	117	481
	managerial	156	466	622	151	479	630
	production	823	2,504	3,327	748	2,266	3,014
	other	118	150	268	113	145	258
	Total	1,471	3,243	4,714	1,376	3,007	4,383

*employed on the basis of employment contracts

Men constitute the dominant group among employees in Comarch S.A. and in the Comarch Group. This is in line with the specificity of the IT industry.

Comarch S.A.					2018				2017			
Categories of employees*	under 30 y/o	30-50 y/o	over 50 y/o	Total	under 30 y/o	30-50 y/o	over 50 y/o	Total				
administration	128	173	17	318	124	160	14	298				
managerial	28	490	10	528	40	488	7	535				
production	1,398	1,341	20	2,759	1,255	1,261	17	2,533				
other	49	88	2	139	34	85	1	120				
Total	1,603	2,092	49	3744	1,453	1,994	39	3,486				

*employed on the basis of employment contracts

Comarch Capital Group								
2018					2017			
Categories of employees*	under 30 y/o	30-50 y/o	over 50 y/o	Total	under 30 y/o	30-50 y/o	over 50 y/o	Total
administration	172	280	45	497	211	229	41	481
managerial	36	589	20	645	82	534	14	630
production	1,543	1,480	39	3,062	1,515	1,395	104	3,014
other	74	359	77	510	106	131	21	258
Total	1,825	2,708	181	4,714	1,914	2,289	180	4,383

*employed on the basis of employment contracts

In 2018, the fastest grown in number of people employed was in the 30-50 age group, they constitute the dominant group of employees.

Comarch S.A. 2018					2017			
Categories of employees*	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total
administration	316	1	1	318	296	2	-	298
managerial	525	3	0	528	529	6	-	535
production	2,702	43	14	2,759	2 488	36	9	2,533
other	134	2	3	139	116	3	1	120
Total	3,677	49	18	3,744	3,429	47	10	3,486

*employed on the basis of employment contracts

Comarch Capital Group 2018					2017			
Categories of employees*	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total	Citizens of Poland	Citizens of other European countries	Citizens of other countries	Total
administration	431	50	16	497	418	57	6	481
managerial	581	46	28	655	187	33	5	225
production	2,915	65	31	3,011	612	261	72	945
other	191	202	158	551	2,622	86	24	2,732
Total	4,118	363	233	4,714	3,839	437	107	4,383

*employed on the basis of employment contracts

The Comarch Group employs many employees from outside Poland, thus entering the specificity of the IT industry, where the international work environment and multiculturalism of the employee teams are the standard. The share of employees from outside Poland remained in 2018 at a level similar to last year.

S.2.9

Ratio of average basic remuneration of women to average basic remuneration of men by employee category:

Categories of employees	Comarch S.A.		Comarch Group	
	2018	2017	2018	2017
administration	92%	98%	90%	95%
managerial	66%	66%	68%	68%
production	76%	76%	75%	74%
other	72%	68%	72%	69%

The average salary of women in Comarch S.A. and in the Comarch Group is lower than the average salary of men. This is mainly due to the fact that the employed women have shorter experience in the IT industry and shorter work experience in Comarch, which affects the level of remuneration. In the

group of employees, where experience in the industry and seniority are similar for women and men (administration), the level of earnings is on similar level.

Employee evaluation system

The Comarch Group has a formalized employee evaluation system that ensures that the vast majority of employees receive regular assessments of their work results and information on career development opportunities.

S.2.13

The total amount of annual contributions to (The State Fund for Rehabilitation of Disabled Persons)

thousands of PLN	2018	2017
Comarch S.A.	2,012	1,843
Comarch Group	2,279	2,073

6.4. Training

S.5.1., S.5.2.

Comarch Training Centre is a section separated from the structures of Comarch S.A. offering specialized training as well as IT and business consultations at every level of advancement, both within internal training addressed to employees of the Comarch Group and offered to a wide range of external clients. The Training Centre uses over 20 years of Comarch experience as a knowledge-based company. Over 10,000 participants a year participate in over 300 training programs conducted by 80 qualified trainers.

In addition to specialist training, courses or workshops, the Comarch Training Centre organizes its flagship training programs related to management, dedicated to managers:

Comarch Akademia Zarządzania (Comarch Management Academy) - is a training program addressed directly to the management. The aim of the program is to support the development of managerial competences. Personnel from management positions are invited to trainings (mainly the position in the organizational structure decides). Employees advancing to management positions will be regularly invited to newly formed training groups. The principle of the program is to work in a group that meets periodically in the following classes. Thanks to this, participants have the opportunity not only to confront acquired competences with practice at the workplace, but also to discuss the results achieved in the next classes. Between classes, program participants will receive additional materials and tasks to be carried out.

Average number of training hours per employee (by sex and employee category):

Comarch SA	2018			2017		
	managers	others	total	managers	others	total
All trainings						
women	11.13	11.53	11.51	13.28	11.98	12.03
men	10.86	12.92	12.85	23.26	12.73	13.21
Total	10.94	12.52	12.47	21.00	12.54	12.90
Internal trainings	2018			2017		
	managers	others	total	managers	others	total
women	10.81	11.39	11.37	9.06	11.93	11.82
men	10.71	12.65	12.57	9.03	12.64	12.47
Total	10.74	12.29	12.23	9.04	12.45	12.30

Comarch Group	2018			2017		
All trainings	managers	others	total	managers	others	total
women	11.05	9.59	9.63	13.18	12.04	12.08
men	10.72	10.33	10.34	22.91	12.75	13.22
Total	10.81	10.13	10.14	20.71	12.57	12.92

	2018			2017		
Internal trainings	managers	others	total	managers	others	total
women	10.77	9.35	9.39	9.04	11.99	11.87
men	10.58	9.97	9.99	9.01	12.66	12.48
Total	10.63	9.80	9.82	9.01	12.48	12.32

Number of employees raising professional qualifications who have certain rights in this respect in relation to the employer (e.g. training leave), indicating the number of employees co-financed by the employer or financing the improvement of professional qualifications:

Comarch S.A.	2018	2017	Comarch Group	2018	2017
All trainings			All trainings		
women	1,493	1,127	women	1,569	1,142
men	4,074	3,158	men	4,181	3,178
Total	5,567	4,285	Total	5,750	4,320

	2018	2017		2018	2017
Internal trainings			Internal trainings		
women	220	180	women	236	183
men	613	589	men	631	594
Total	833	769	Total	867	777

Due to the lack of interest on the part of employees and the small number of people of retirement age, Comarch does not organize programs related to the end of a professional career resulting from retirement or termination of an employment contract.

6.5. Use of Public Aid and Public Orders



S.1.1.

One of the main strategic goals of the Comarch Group is the development of new, competitive products that allow Comarch to further develop and, consequently, increase its value. Maintaining dynamics of sales requires expenditures on product development and their proper promotion and marketing. This applies to both modifications to existing products and technologies, as well as the development of new products. Expenditures for research and development in 2018 reached PLN 181.1 million and thus exceeded 13% of Comarch Group's sales revenues. The Comarch Group allocated both own resources to them and actively acquired European funds. These funds are actively acquired by two Comarch Group companies - Comarch S.A. and Comarch Healthcare S.A. Expenses for research and development in Comarch S.A. in 2018 reached PLN 145.5 million.

Activities in the Special Economic Zone

Comarch S.A. conducts business activity in the Kraków Special Economic Zone "Krakowski Park Technologiczny". Due to incurred investment expenditures Comarch S.A. uses public aid in the form of income tax exemptions.

A detailed description of the investment allowances held for operating in the Special Economic Zones has been published in note 3.10 of the Consolidated Financial Statements of the Comarch Group for 2018.

S.1.2.

Sales to customers from the public sector were as below.

in thousands of PLN	12 months of 2018	%	12 months of 2017	%
Revenue Comarch S.A.	966,100	100.0%	755,517	100.0%
<i>Including public sector</i>	33,505	3.7%	31,522	4.2%
Revenue Comarch Group	1,369,619	100.0%	1,125,110	100.0%
<i>Including public sector</i>	193,000	14.1%	64,018	5.7%

In 2018, the Group's revenue from sales to the public sector clients increased significantly. The increase in revenue amounted to PLN 129 million, i.e. 201.5%, which is related to the implementation of new large contracts for the supply of IT products and services. The public sector was responsible for 14.1% of revenue of the Comarch Group in the discussed period.

Amount of subsidies received in particular years

In thousands of PLN	2018	2017
Comarch S.A.		
7 Framework Program (European Commission)	308	51
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,490	5,558
National funds	-	-
de minimis aid	-	-
Total	1,798	5,609
Comarch Group		
7 Framework Program (European Commission)	308	-166
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,490	5,558
National funds	113	604
de minimis aid	207	21
Total	2,119	5,997

7. Health and Safety at Work

SURVEILLANCE AND INVESTIGATION SYSTEM

S.4.1., S.4.2., S.4.3., S.4.4., S.4.5.

In the Polish companies of Comarch Capital Group, accidents at work are examined in accordance with the applicable regulations: Chief Health and Safety Specialist and Employee Representative. Reports on determining the circumstances and causes of accidents are approved by the Employer. The register of accidents at work and accident documentation are subject

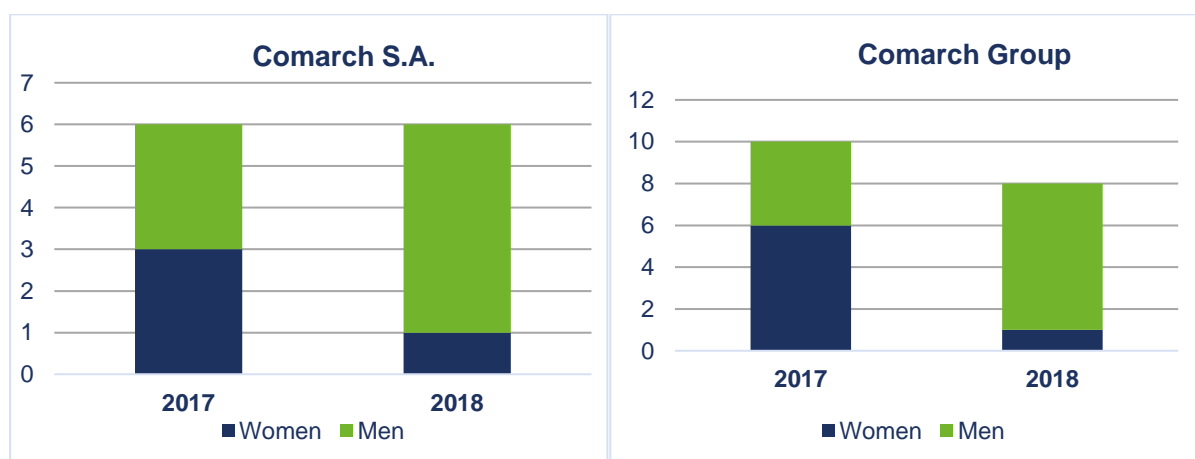
to archiving. The method of reporting and recording accidents is described in internal procedures developed on the basis of applicable legal requirements and the Comarch practice.

In all companies of the Comarch Capital Group so far, no fatal or serious accidents were recorded and there was no suspicion of occupational disease. There were also no accidents among Comarch subcontractors.

In all its branches, Comarch has a group of lifeguards with a total of about 100 people. Lifeguards are employees trained in first aid and evacuation procedures. Every 2 years trainings for lifeguards are organized, aimed at refreshing and systematizing knowledge, informing about possible changes in the standards of first aid and organizational changes in the field of evacuation. The trainings are also designed to complement the number of lifeguards. Lifeguards have at their disposal means for first aid and instructions for providing premedical help. Instructions and checklists describing the rules of conduct during evacuation were also prepared. Lifeguards are volunteers.

TYPE OF ACCIDENTS AT WORK

List of accidents at work and treated equally with accidents at work in 2017-2018.



In 2017, there were 10 accidents at work.

In 2018, a total of 8 accidents at work occurred in the Comarch Group.

One accident happened while working, but not related to the work.

Three accidents took place while the employee moved to the workplace. Accidents occurred during activities not directly related to the work performed.

Four further accidents were classified as accidents on a par with accidents at work. Accidents occurred during business trips of employees.

The most common injuries in 2018 were injuries of the lower limbs and hand injuries.

The causes of these accidents are mainly related to the human factor and in one case to the technical factor. All accidents were classified as light. Four accidents did not result in inability to work, the other four accidents resulted in a total of 35 days of incapacity to work in Comarch SA and 14 and 82 days of incapacity to work in the company Comarch Healthcare SA and in a foreign company Comarch SAS

SUMMARY OF DATA CONCERNING ACCIDENTS AT WORKING IN THE YEARS 2017-2018

In the years 2017-2018, no fatal, heavy or collective accidents were reported to the Comarch Group.

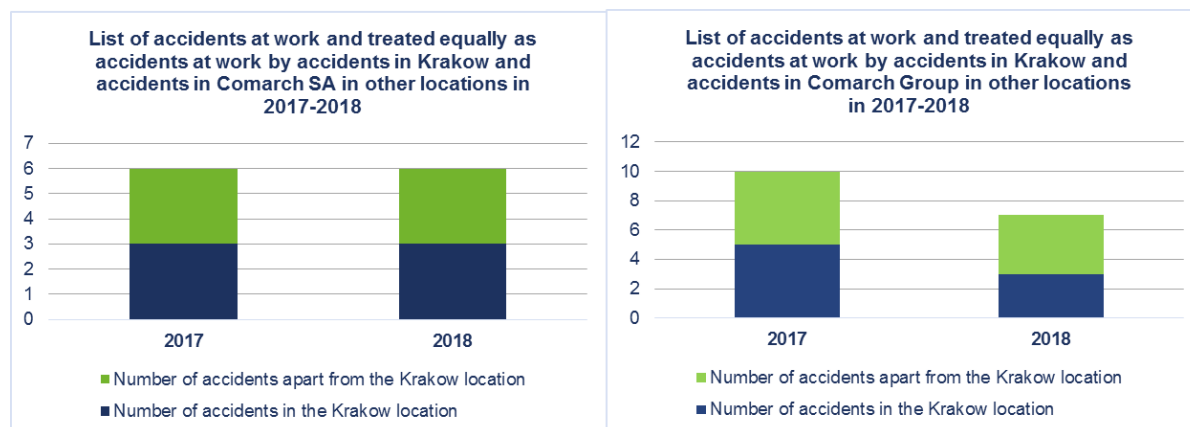
Comarch estimates the accident rate, i.e. the sum of accidents occurring during the year, presented by means of indicators. These indicators make it possible to compare and assess the company in terms of the size of the accident. Two measures are used: frequency and severity of accidents.

The frequency ratio is expressed as the ratio of the number of accidents to the number of persons employed, while the severity rate is the ratio of the number of lost days caused by accidental absence to the number of all accidents.

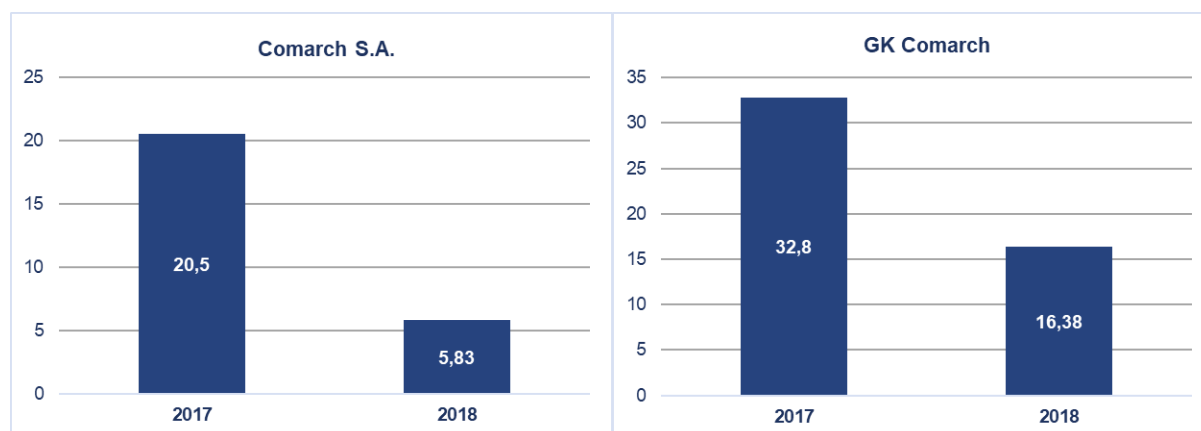
Tab.1. Indicators related to accidents at work:

Year	Number of accidents in Comarch Group	Number of accidents by sex in Comarch Group (W,M)	Number of accidents in Comarch S.A.	Number of days of absence in Comarch Group	Number of days of absence in Comarch S.A.	Frequency ratio Comarch Group	Frequency ratio Comarch S.A.	Severity ratio Comarch Group	Severity ratio Comarch S.A.
2017	10	K:6, M:4	6	328	123	1.8	1.4	32.8	20.5
2018	8	K:1, M:7	6	131	35	1.2	1.3	7	5.83

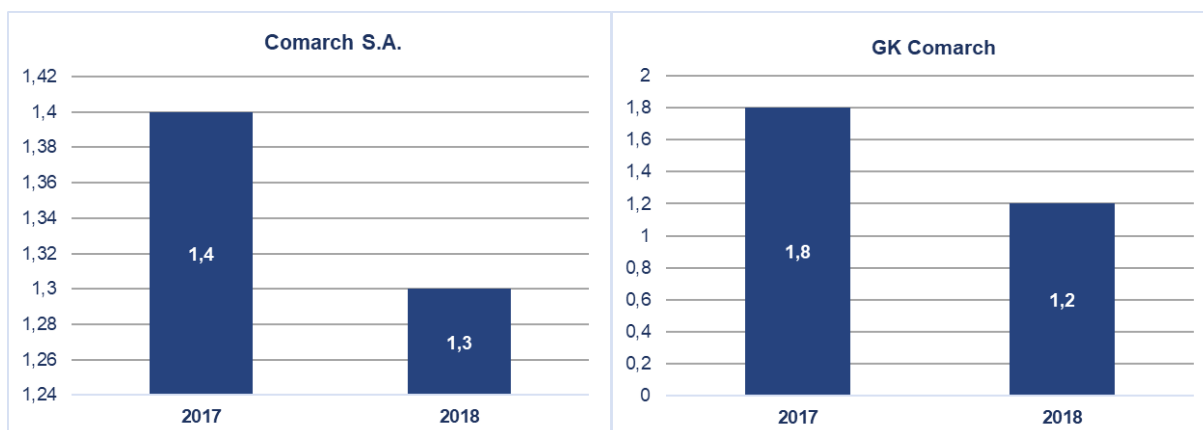
List of accidents at work and treated equally as accidents at work by accidents in Krakow and other locations in 2017-2018



Indicator of the severity of accidents at work and accidents treated equally as accidents at work in 2017-2018



Indicator of frequency rate of accidents at work and accidents treated equally with accidents at work in 2017-2018



In 2018, the number of accidents remained the same as in the previous year with the increase in the number of employees by 372 people for Comarch SA.

The total number of accidents in the Comarch Group dropped from ten in 2017 to eight in 2018. There was one accident in Comarch Healthcare SA with an increase in the number of employees by 126 people and one accident in a Comarch SAS foreign company with an increase of employees by 26 people.

The severity of accidents at work in 2018 amounted to 5.83 for Comarch SA (16.30 for the Comarch Group). Compared with last year, a significant decrease in this ratio was noted (-70% for Comarch SA and -50% for the Comarch Group).

The incidence rate of accidents at work in 2018 in Comarch SA was 1.3, while for the entire Comarch Group 1.2. Compared with 2017, the incident rate decreased compared to 2017 from 1.4 for Comarch SA (1.8 for the Comarch Group) to 1.3 (1.2 for the Comarch Group), i.e. it decreased by about 7 % (for the entire Comarch Group, a decrease of about 33%).

S.4.6, S.4.7, S.4.8

Comarch S.A. and the companies of the Comarch Group did not report any occupational diseases. There is also no particular exposure to specific occupational diseases.

Comarch S.A. and the companies of the Comarch Group do not have work positions where there are positions with exceedances of the NDN (maximum acceptable intensity) and NDS (maximum acceptable concentration, TLV, MAC, MAK). There are also jobs with an unacceptable level of occupational risk.

S.3.1, S.3.2, S.3.3, S.3.5, S.3.6, S.4.10

In Comarch S.A. and the Polish companies of the Comarch Group there were no trade unions created, hence in Comarch S.A. a Workers' Council was created, which operates on the basis of the Act of 7th of April, 2006, on informing employees and consulting them. Employees' representatives are selected from all employees employed under a contract of employment. The selection is made by the employees of the Company every two years. Employees' representatives take part, among others, in the analysis of accidents at work in accordance with the applicable legislation. In 2016, the employer consulted employees' representatives regarding changes to the work regulations. The changes proposed by the employer were accepted unanimously by employees' representatives. There are no collective labour agreements in the Polish companies of the Comarch Group.

In foreign companies of the capital group in the DACH region there are no trade unions. However, there are works councils. Employees choose a works council for a given location, then all employees of a given location are subject to the given works council. The works council is not mandatory, the decision

on the choice of council belongs to the employees. Not all employees can participate in the election. Limitations in the selection of the council are related to work experience. The elections take place every few years, this is regulated by the provisions of the act.

Works councils in particular companies of the Comarch Capital Group in the DACH area:

- Comarch Solutions AG – Innsbruck
- Comarch AG – Munich
- Comarch Software und Beratung AG

There are no trade unions in Comarch SRL (Italy). On the other hand, employees are subject to a national collective labour contract that was created to regulate the relations between employees and employers. Collective because it affects all employees in the contracted and national sectors, because it applies to all companies that are located in Italy. It regulates the employment relationship, e.g. schedule, qualifications and duties, remuneration, etc. Comarch SRL is subject to 'CCNL del commercio' (trade).

There are no trade unions in the other foreign companies of the Comarch Group. Some of them have sectoral agreements.

S.3.3.

No collective disputes have been initiated in any of the companies of the Comarch Group in the last year.

In each investment agreement, Comarch publishes a clause in which it requires the contractor to maintain basic employee rights. Such a record includes, the obligation to employ employees in accordance with the provisions of the Labour Code and executive regulations regarding the employment of employees, paying their salaries and ensuring the working conditions required by law. Contractors are also contractually obliged to provide employees with safety, hygienic conditions of work and well-being and compliance with the health and safety provisions.

8. Environmental Protection

The environmental policy and procedures operating under the Integrated Management Systems oblige Comarch S.A. to take active actions to reduce the negative impact on the natural environment. As part of the implemented Environmental Management System compliant with the requirements of ISO 14001, Comarch identified environmental aspects that it monitors, supervises and influences.



The Comarch Group adheres to local legal regulations in the field of environmental protection. Comarch purposefully limits the impact of its operations on the natural environment, minimizing the use of natural resources and limiting the generation of waste generated as a result of ongoing operations. It also promotes an ecological lifestyle among its employees by running campaigns that encourage active participation in environmental protection, such as the voluntary signing of the "green declaration" by Comarch employees.

E.4.1., E.4.2., E.4.3., E.4.4.

Naturally valuable areas are not located in the neighbourhood or sphere of Comarch's influence. Comarch's activities do not cause significant environmental losses.

Comarch monitors air pollution on a current basis with a sensor installed on one of the buildings in the Special Economic Zone in Kraków. The sensor is included in the Airly network which helps to create a national smog monitoring network.

8.1. The Use of Natural Resources

E.1.1., E.1.2.

Due to the fact that Comarch S.A. is a producer of software and information systems, the operations of the Company do not involve the direct use of raw materials that are natural resources such as ores, minerals, wood. Instead, it uses typical media consumed in the course of its current work. Among the raw materials used, there were identified: electricity, natural gas, liquid fuels (gasoline and diesel), heat energy and water.

A part of the Comarch Group's operations is also low-series production of electronic devices from subassemblies bought outside, as well as related design and research works. Production takes place in a modern production hall located in the Special Economic Zone in Krakow. In the above production, as well as in research and development works in this area, minimal amounts of process materials are used, such as epoxy, cyanoacrylate, methacrylic and derivatives (maximum 1 litre per year), tin (maximum several kilos per year), fluxes (maximum 1 kilogram per year), degreasing substances, e.g. IPA and others (in the amount of several litres per year), etc. As part of the Integrated Quality Management System, the company keeps a register of chemical substances.

Due to the fact that Comarch S.A. manufactures and launches electronic devices from components manufactured and delivered by third parties, the company is unable to analyse in detail the composition of the components used for production and indicate whether their individual elements are made of renewable or non-renewable materials.

The remaining companies of the Comarch Group also do not directly use primary raw materials.

In addition, in the course of production and logistic processes, paper, cardboard, plastic and wooden packaging and security are used. The following is a summary of the quantities of packaging placed on the market. The number of introduced packaging results directly from the sales volume.

Packages introduced to the market	2018	2017
COMARCH S.A.	1,023 kg	1,316 kg
Comarch Group	2,746 kg	3,221 kg

8.2. Finished Goods

The way of impact on the environment

Electronic devices produced by the Comarch Group are powered by electricity and thus affect the environment. The amount of energy consumed by the company's products is not possible to accurately estimate, because it depends on many factors on which the company does not influence, among others from the intensity of use, weather conditions, operating mode and the type of accessories attached to the devices. The electronic devices manufactured by the Comarch Group after a period of operation become waste and may also affect the environment.

Description of policies

At the stage of creating products, in order to limit their impact on the natural environment, the Comarch Group sets itself one of the main goals to reduce the consumption of electricity in each subsequent version of a given device.

Another way to reduce the impact of manufactured devices on the environment is the application of the provisions of EU WEEE Directive 2002/96 / EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment. The devices manufactured by the Comarch Group are appropriately marked as devices that must be disposed of properly after their use. Pro-ecological activities related to a product that will become a waste in the future are not limited to the proper marking. Many years of activities and care for the environment have resulted in a number of initiatives related to the design of equipment, including:

- development of products for which it is possible to modernize thanks to the construction enabling the introduction of corrections,
- development of reusable products after a period of operation thanks to the construction enabling easy disassembly of the device into components and after its possible re-use (servicing) repair.

The designed devices also meet the requirements of the RoHS (Restriction of Hazardous Substances) (2002/95 / EC) directive, thanks to which the use of hazardous substances in a product that could penetrate the natural environment has been limited.

Indicators

The measures of achieving the goal related to the reduction of energy consumption are:

- increase in the share of power supplies with a higher energy efficiency class,
- decrease of the average power consumed by devices measured in the mode of operation with the highest power demand.

Measures of compliance with the WEEE and RoHS directives are compliance declarations available for each device.

The currently manufactured CardioVest device has introduced features related to limiting the negative impact on the environment, including the use of a power supply with VI class of energy efficiency (the highest class), reduction of energy consumption through changes in the software of the device and the development of a packaging that is light and made of paper that can be recycled. The device meets the requirements of RoHS and WEEE.

One of the objectives of the strategy for the coming years is the development of a new version of the CardioVest device, in which hardware changes and software changes will be introduced to further reduce energy consumption by, among others, introducing device elements that are not used at any given time.

E.8.2	Revenue from products and services related to them, developed with regard to environmental criteria	2018	2017
	Comarch SA	3.9%	0.6%
	Comarch Group	10.3%	0.4%

The above ratios in 2018 are the result of increased sales of finished products (Comarch own hardware) and related services in 2018. However, the Group mainly produces non-material products and provides services.

8.3. Energy

E.2.1., E.2.2., E.2.3.

The Comarch Group constantly monitors the consumption of electricity, heat and fuels in all areas of its operations, focusing primarily on electricity and gas used in buildings owned by Comarch S.A. and on the consumption of liquid fuels used to drive cars belonging to the Comarch fleet. The Data Centre in Kraków, Warsaw, as well as in Dresden and Lille have a significant share in the electricity consumption.

In September 2018 in Comarch S.A. The Energy Management System has been implemented and certified in accordance with the international ISO 50001 standard. Under this system, a number of measures are taken to improve the energy efficiency of the company mainly in the areas of so-called significant energy consumption (electricity, heat energy, fleet). These activities include the modernization of buildings and equipment, the use of renewable energy sources, the use of appropriate purchasing policies, fleet modernization policies, as well as awareness raising among employees and continuous monitoring of relevant indicators. These activities are implemented as part of energy programs and tasks for a given period


Comarch facilities are modern buildings with electricity and heat management systems. In buildings owned by Comarch (including SSE buildings in Krakow, buildings in Warsaw and Łódź), discharge lamps (fluorescent lamps) are gradually replaced with those created.

In 2018, Comarch S.A. benefited from ecological energy as part of the Tauron Eko Biznes offer, under which the purchased electricity, in whole or in part, is produced in so-called high-efficiency cogeneration, or the process of joint production of electricity and heat, thereby reducing CO2 emissions to the atmosphere.

The dynamics of development, establishing long-term cooperation with contractors from around the world, and therefore the creation of new jobs means the necessity to expand programming centres all over Poland, and thus increase Comarch's energy needs.

At the beginning of 2018, Comarch S.A. commenced exploitation of a modern office building SSE7 located in the Special Economic Zone in Krakow, within the campus belonging to Comarch at ul. Michał

Życzkowski in Krakow. The building has an underground garage, ground floor, 4 utility floors and a technical floor on the building's roof. The total number of users will reach 1500 people. The building was designed with care for ecology and a friendly working environment, which is confirmed by the BREEAM Very Good certificate. The building offers a number of facilities, including contact of all work rooms with direct daylight, the possibility of airing all office rooms by opening windows, a large amount of greenery, access by bike paths, as well as internal and external spaces for recreation and relaxation. In addition, due to concern for the natural environment, photovoltaic cells installed on the roof of the building are used to partially cover their own electricity demand and possible resale of excess energy produced to the power grid. Battery charging stations have been installed in the underground garages of the building, which enable employees to use ecological electric vehicles. A distinguishing feature is the light shelves, designed on the southern and western elevations. Light shelves have a dual function: on the one hand, they shadow the window from the sun, on the other they reflect the light, illuminating the part of office space located in the deep part of the road.



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The assessment of:
Budynek Biurowy Comarch SSE7
ul. Prof. Michała Życzkowskiego
31-864 Kraków
Poland

has been carried out according to Technical Manual:
BREEAM International 2013: Office
(Fully Fitted)

and based on the Assessment Report produced by:
Architektura Ekologiczna
has achieved a score of **60.4%**
Very Good
Certificate Number: **BREEAM-0076-5875** Issue: **02**

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7 February 2019
Assessed by: **Artur Jasieński i Wspólnicy Sp. z o.o.**
Assessor: **Artur Jasieński i Wspólnicy Sp. z o.o.**
Comarch S.A.
Budynek S.A.
BEM Projekt Sp. z o.o.

Comarch S.A.
Jerzy Wójcik
Jerzy Wójcik
Jerzy Wójcik
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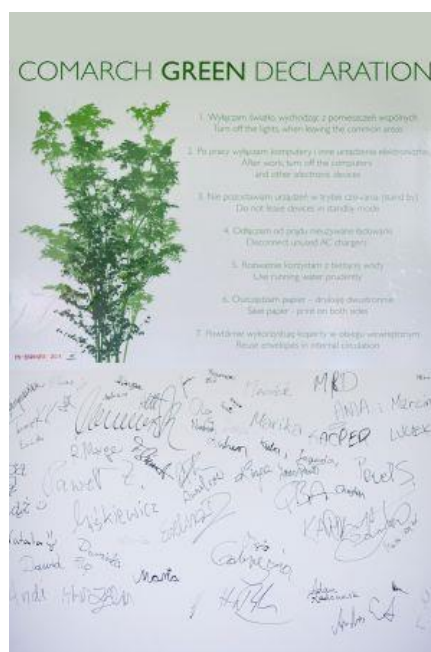
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Every year, environmental programs are prepared, defining goals and actions limiting negative environmental impacts and raising employee awareness.

Many Comarch employees have signed a voluntary "green declaration" containing principles that compliance helps to care for the environment. These rules are formulated and adapted to the company so that they can be used by Comarch employees without any problems.

- I turn off the light, starting from the common rooms,
- I turn off computers and other electronic devices after work,
- I do not leave devices in standby mode,
- Disconnecting unused chargers from the power supply,
- I use running water carefully,
- I save paper - I print double-sided,
- I reuse envelopes in the internal circuit.



Electricity, heat, gas and fuel consumption Comarch S.A.	2018	2017
Electricity consumption ¹⁾	17,190,300 kWh	16,606,000 kWh
Heat consumption ²⁾	6,500,000 MJ	4,903,000 MJ
Gas consumption ³⁾	327,488 kg	401,292 kg
Gasoline consumption ⁴⁾	340,358 kg	314,051 kg
Diesel oil consumption ⁵⁾	60,792 kg	63,339 kg
Total energy consumption ⁶⁾	104,610,243 MJ	103,697,244 MJ
Energy consumption/employee	22,357 MJ/employee	24,099 MJ/employee

- 1) Electricity consumption is presented for buildings located in Poland owned by Comarch, i.e. buildings in the Special Economic Zone (SEZ1, SEZ2, SEZ3, SEZ4, SEZ5, SEZ6, SEZ7), two buildings in Warsaw (at Puławska street and at Leśna street). The total electricity consumption for these buildings is presented. Electricity consumption in 2017 was higher by approx. 3.4% compared to 2017. The increase results from the migration of employees from rented office space to the new SSE7 building.
- 2) Heat consumption is presented for buildings located in Poland owned by Comarch, i.e. buildings in the Special Economic Zone (SEZ1, SEZ5, SEZ6, SEZ7) and the building in Łódź. The total heat consumption for these buildings is shown. The increase in demand for thermal energy in 2018 results from the connection of the SSE7 building to the municipal heating network.
- 3) Gas consumption is shown for buildings located in Poland owned by Comarch, i.e. buildings in the Special Economic Zone (SEZ2, SEZ3, SEZ4), and building in Warsaw (at Puławska Street and at Leśna Street). The total gas consumption for these buildings is shown. Gas consumption is given in kg using the following factor for calculations: 1m³ gas = 0.75kg. Gas consumption in 2018 was lower by approx. 18% compared to 2017.
- 4) The consumption of gasoline and diesel oil is presented for:
 - gasoline: the total consumption of gasoline for the car fleet in Poland and the fuel used in low-speed equipment is presented,
 - diesel oil: the total consumption of diesel oil for the car fleet in Poland and the oil used in machines and aggregates used for emergency salting is presented.

Fuel consumption is given in kg using the following factors for calculations: 1 litre of gasoline = 0.73421 kg, 1 litre of diesel = 0.83752 kg. The consumption of gasoline in 2018 increased by about 8%, as compared to 2017. The increase is a direct result of the increase in the number of vehicles in the Comarch car fleet and increase in the intensity of vehicle use caused by the company's constant expansion. At the same time diesel consumption in 2018 in comparison with 2017 it decreased by about 4%, it results from the gradual withdrawal from the fleet of diesel vehicles and the gradual replacement of them with more environmentally friendly gasoline-powered vehicles.

- 5) The consumption of electricity, heat, gas and fuels (gasoline and diesel oil) presented above has been taken into account in calculating the total energy consumption within the organization. The following coefficients were used for the calculations: 1 kg of gas = 14.75 kWh, 1 kg of gasoline = 13.1 kWh, 1 kg of oil = 12.69 kWh. Total energy consumption has been converted into MJ. The total energy consumption in 2018 amounted to 104,610,244 MJ and increased by approx. 0.9% compared to 2017, due to the increase in electricity, heat, gas and gasoline consumption. The intensity of energy consumption was also calculated taking into account the number of employees in buildings owned by Comarch. According to the data as at 31 December 2018, 4,679 employees were employed, which represents an increase in employment by 372 persons compared to the corresponding period of 2017. The energy consumption per person in 2018 amounted to 22,357 MJ, so it decreased by approx. 7% compared to 2017.

Electricity, heat, gas and fuel consumption in the Comarch Group ⁵⁾	2018	2017
Electricity consumption	21,691,281 kWh	19,492,351 kWh
Heat consumption	9,162,000 MJ	7,646,400 MJ
Gas consumption	333,515 kg	408,141 kg
Gasoline consumption	412,068 kg	382,574 kg
Diesel oil consumption	124,940 kg	146,244 kg
Total energy consumption	130,101,117 MJ	124,391,724 MJ
Energy consumption/ employee	21,540 MJ/employee	22,445 MJ/employee

6) Data have been presented taking into account the companies of the Comarch Group (domestic and foreign).

8.4. Comarch Cars

The car fleet is gradually being exchanged for vehicles that meet the European emission requirements. The Comarch Group is gradually modernizing the car fleet. In 2018, Polish companies purchased over 170 new cars (over 150 in Comarch SA) meeting the stringent EURO6 emission standards, including 13 ecological hybrid vehicles (9 in Comarch S.A., 4 in other Group companies). As part of the purchase of new cars, over 20 vehicles with EURO4 standards, EURO 5 have been taken out of service.

Emission standards	Cars in Comarch SA	
	2018	2017
EURO 6	66%	66%
EURO 5	32%	31%
EURO 4 and lower	1%	3%

In foreign companies, most cars also meet the EURO 6 emission standard. In 2018, a total of 4 new cars were purchased (8 in 2017 and 12 in 2016) by modernizing the fleet and increasing the number of vehicles with more environmentally friendly propulsion units.

Emission standards	Cars in Comarch Group	
	2018	2017
EURO 6	66%	65%
EURO 5	32%	32%
EURO 4 and lower	2%	3%

8.5. Water

E.3.1., E.3.2., E.3.3.

Comarch's activity does not involve water consumption for technological purposes. Water supplied entirely by municipal water pipes is used only in hygienic and sanitary rooms from living purposes. Comarch does not take surface water directly and does not discharge sewage into waters and lands.

Significant impact on the level of water consumption in the Kraków SEZ has a recreation centre functioning there, which includes a 25-meter swimming pool.

Water consumption is subject to continuous monitoring in the form of readouts from sub-meters. As part of activities aimed at minimizing consumption, employees' awareness is increased, actions are taken to increase the speed and efficiency of responding to various types of failures.

Water consumption in Comarch S.A.	2018	2017
Water consumption	34,328 m ³	32,629 m ³
Water consumption per 1 employee	7.34 m ³	7.58 m ³

Water consumption in Comarch Group	2018	2017
Water consumption	42,357 m ³	41,241 m ³
Water consumption per 1 employee	7.34 m ³	7.44 m ³

Water consumption is shown for Comarch's buildings located in Poland, i.e. buildings in the Special Economic Zone (SEZ1 – SEZ7), two buildings in Warsaw (at Puławska street and at Leśna street).

Additionally, the table on water consumption in the Comarch Group presents the total water consumption including buildings owned by other Comarch Group companies in Poland and abroad.

The total water consumption for these buildings is shown. The total year-on-year water consumption is at a similar level

The apparent, slight increase in the total water consumption results from the fact that the population of employees working on rented surfaces to own buildings - mainly SEZ7 - has been relocated. In the newly commissioned building SEZ7 building, where the population is about 1,200 people, the water consumption is 3.07 m³ per one employee, which is more than twice lower than the average. The building uses modern solutions significantly reducing water consumption: aerators, double-purpose cisterns, irrigation systems using rainwater. The result of these activities is a clear reduction in unit consumption.

8.6. Emissions

E.5.1., E.5.3.

Comarch constantly strives to minimize the negative impact of operations on the environment. Therefore, from 2012 the emission of carbon dioxide equivalent to the environment is estimated. During the estimation, a methodology was used to multiply the data on energy consumption, water and fuel by appropriate emission conversion factors. These converters allow the exchange of these data to the equivalent of carbon dioxide (CO₂e). CO₂e is a universal unit of measure that allows you to estimate the impact on global warming resulting from greenhouse gas emissions. The following are the estimated direct values (resulting from the operations of the organization) and indirect (from any other activities, e.g. electricity consumption, water) of the carbon dioxide emissions for the base year.

Direct greenhouse gas emissions in Comarch S.A.	2018	2017
Emission of CO ₂ e	2,275 Mg CO ₂ e	2,453 Mg CO ₂ e
Emission of CO ₂ e/person	0.49 Mg CO ₂ e /osobę	0.57 Mg CO ₂ e /osobę
Emission of CO ₂ e/ unit of revenue*	2.36 CO ₂ e	3.25 CO ₂ e

Direct greenhouse gas emissions in Comarch Group	2018	2017
Emission of CO ₂ e	2,649 Mg CO ₂ e	2,934 Mg CO ₂ e
Emission of CO ₂ e/person	0.44 Mg CO ₂ e /osobę	0.44 Mg CO ₂ e /osobę
Emission of CO ₂ e/ unit of revenue*	1.94 CO ₂ e	2.66 CO ₂ e

*PLN 1,000,000

To calculate the direct emission of greenhouse gases, data on the consumption of fuels (gasoline and diesel) as well as natural gas for buildings owned by Comarch SA in Poland were used. It was also considered, unorganized HFC hydrofluorocarbons emissions from leakage in refrigeration and air conditioning systems were also added. During the calculations, the indicators developed by the organization DEFRA - Greenhouse Gas Conversion Factor Repository, KOBIZE, RTE France, ISE Germany for 2018 and 2017 were used. In addition, data from the analysis of the database of the Central Registry of Operators were used in the calculation of HFC emissions. Direct emission of greenhouse gases for Comarch S.A. in 2018 amounted to 2,275 Mg CO₂e, which is a decrease of approx. 8% compared to 2017. Such a significant decrease results from the introduction of regular leak testing of refrigeration and air conditioning equipment. The level of total CO₂e emissions per one employee decreased by 27% y / y.

Total greenhouse gas emissions at Comarch S.A. (direct and indirect jointly)	2018	2017
Emission of CO ₂ e	15,661 Mg CO ₂ e	15,573 Mg CO ₂ e
Emission of CO ₂ e/person	3.35 Mg CO ₂ e/person	3.62 Mg CO ₂ e/person

Total greenhouse gas emissions at Comarch Group (direct and indirect jointly)	2018	2017
Emission of CO ₂ e	18.245 Mg CO ₂ e	17.589 Mg CO ₂ e
Emission of CO ₂ e/person	3.03 Mg CO ₂ e/person	3.17 Mg CO ₂ e/person

In order to calculate the intensity of greenhouse gas emissions, the direct and indirect greenhouse gas emissions of the organization have been summed up. Total greenhouse gas emissions for Comarch S.A. in 2018 amounted to 15,661 MgCO₂e, an increase of approx. 0.6% compared to 2017. The intensity of greenhouse gas emissions was also calculated, taking into account the number of employees in buildings owned by Comarch S.A. According to the data as at December 31, 2018, 4,679 people were employed, which is an increase in employment by 372 people compared to the same period in 2017. The total greenhouse gas emissions per person in 2018 was 3.35 Mg CO₂e, so it decreased by 8.0% compared to 2017. This may indicate the effectiveness of the changes introduced to minimize the negative impact of the company on the natural environment.

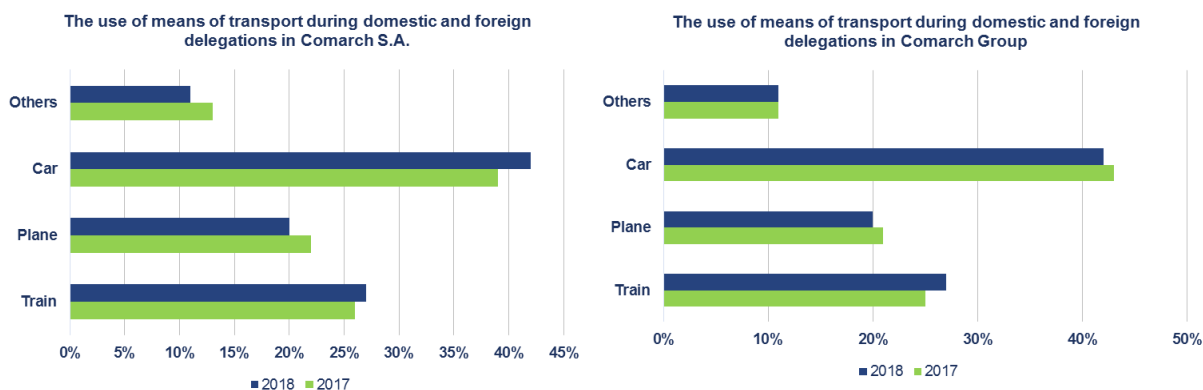
Comarch, while caring for both the environment and reducing costs associated with transport, shortens the supply chain by applying the principle of delivery directly from the distribution point to the end user or business partner, wherever it is possible, i.e. where no interference is required to perform configuration, installation on the equipment or such interference would still take place in the end-user's location.

A significant reduction in the impact of transport of goods and products is also possible thanks to the use of collective transport - courier companies.

Transportation organized and carried out by means of own means of transport by employees of Comarch S.A. are sporadic.

Because Comarch has a very large group of recipients, who are medium and large enterprises from all over the world, the number of business delegations carried out by Comarch employees is counted in thousands.

The number of delegations is systematically growing due to the fact that every year the number of clients is expanding and new branches of the company are opening up. The most common means of transport used by Comarch employees (most often during domestic delegations) are cars and rail transport. Foreign air transport dominates in foreign delegations. Public transport, bus and taxi were included in the remaining means of transport.



Reduction of greenhouse gas emissions

Activity related to the reduction of direct greenhouse gas emissions carried out in 2017-2018:

- systematic maintenance and modernization of installations containing hydrofluorocarbons (HFCs). The reduction of emissions in relation to 2017 amounts to 89.143 MgCO₂e. Calculations made on the basis of the CRO database and indicators indicated in the Kyoto Protocol.
- production of renewable energy in own photovoltaic installation has reduced CO₂ emissions by 56.24 Mg
- current implementation of energy-saving solutions (replacement of light sources with LED lighting).
- gradual replacement of vehicles for vehicles with lower fuel consumption.

The tree planting campaign organized in cooperation with the Municipal Greenery in Krakow was a symbolic proof of the concern of the Comarch Group about the condition of the natural environment. Employees of the Comarch Group planted 200 hornbeams at Planty Krakowskie. Similar actions will be organized in the following years.



Emissions of substances that deplete the ozone layer (ODS)

In 2018, there were no ODS emissions. ODS emissions are monitored on the basis of the CRO (Central Register of Operators) database. All air-conditioning and fire-fighting equipment containing gases that deplete the ozone layer are registered in it. The register contains information about inspections and possible gas additions.

E.5.2., E.5.4.**Emissions of nitrogen oxides, sulphur oxides and other significant emissions to air**

Comarch S.A.	2018	2017
Emission of CH ₄	4.41 Mg CH ₄	4.65 Mg CH ₄
Emission of CH ₄ /unit of revenue*	0.0046 Mg CH ₄	0.0062 Mg CH ₄
Emission of N ₂ O	3.73 Mg N ₂ O	3.78 Mg N ₂ O
Emission of N ₂ O CH ₄ / unit of revenue *	0.0039 Mg N ₂ O	0.0050 Mg N ₂ O
Comarch Group	2018	2017
Emission of CH ₄	5.14 Mg CH ₄	5.39 Mg CH ₄
Emission of CH ₄ /unit of revenue*	0.0038 Mg CH ₄	0.0049 Mg CH ₄
Emission of N ₂ O	7.25 Mg N ₂ O	6.24 Mg N ₂ O
Emission of N ₂ O CH ₄ / unit of revenue *	0.0053 Mg N ₂ O	0.0057 Mg N ₂ O

*PLN 1,000,000

Significant air pollutants generated by organizations taken into account are CH₄ and N₂O generated from the combustion of fossil fuels. In calculations, the consumption of natural gas and fuels (gasoline and diesel oils) were taken into account. The calculations developed by the organization Greenhouse Gas Conversion Factor Repository for 2018 were used for the calculations. The data provided are estimates. For Comarch S.A. the CH₄ emission in 2018 was 4.41 Mg CH₄, a decrease compared to 2017 by approx. 5.0%. The N₂O emission in 2018 amounted to 3.73 Mg of N₂O, which is a decrease by approx. 1.3% as compared to 2017. The decrease in size may result from local climatic conditions. In addition, the increase in income in the period under examination has been contributing to the reduction of indicators.

E.6.5

Comarch S.A. is a producer of municipal sewage (household). Activity of Comarch S.A. and Comarch Group companies does not generate industrial wastewater.

There were no significant leaks in the reporting period.

Comarch does not generate sewage discharged directly into water reservoirs, thus, Comarch's activities have no negative impact on protected areas and habitats.

The products manufactured by Comarch do not have a significant negative impact on the natural environment during use. The impact on the natural environment of introduced electronic products at the end of their life cycle depends mainly on customer behaviour in this area. Comarch provides collection of used electronic and electrical equipment. More information at: <https://www.comarch.pl/o-firmie/srodowisko/wprowadzanie-oraz-zbieranie-sprzetu-elektrycznego-i-elektronicznego/>

Percentage of recovered materials from sold products and their packaging by material category

In all companies of the Comarch Group subject to the obligation, the level of collection of waste electrical and electronic equipment in 2017 and 2018 was 40% of the mass of products sold. The minimum recovery level was 75%. The calculations were made on the basis of the Act of 11 September 2015 on waste electrical and electronic equipment (Journal of Laws of 2015, item 1688). The obligation was implemented by the Biosystem S.A. Recovery Organization.

For Comarch S.A. and Comarch Healthcare S.A. the recovery level of the introduced packaging in 2017 and 2018 was at least 61%. The calculations were made on the basis of the Act of 13 June 2013 on the management of packaging and packaging waste (consolidated text, Journal of Laws of 2013, item 888, as amended). The obligation was performed by the Biosystem S.A. Recovery Organization.

The remaining companies of the Comarch Group paid the product fee in accordance with the applicable requirements.

Investments related to environmental protection

The largest investment of the Comarch Group that has an impact on environmental protection is closely related to the construction and commissioning of the SSE7 office building in the Krakow Special Economic Zone. The building was designed with care for the natural environment and ecology. Photovoltaic panels with a total power of 64 kW have been installed on the roof of the building. Photovoltaic cells from which photovoltaic panels are built convert solar energy into electrical energy. This will allow for partial coverage of own electricity demand and possible resale of excess energy produced to the grid without additional CO₂ emission to the atmosphere. Plant designers assume that it will bring annual savings due to electricity consumption, allowing for a 10-year return on investment.

In order to reduce energy consumption, the following were also used in the SSE7 office building:

- Light shelves on the east and west façades fulfil a dual function: on the one hand, they shade the window from the sun, on the other they reflect the light, illuminating the part of office space located in the deep part of the road,
- Building Management System (BMS) with automation: a system that integrates ventilation, air conditioning, heating, lighting, access control, power supply (UPS), burglary and robbery, allowing for efficient and optimal building management and media consumption,
- Modern, integrated HVAC installations.

In addition, air conditioners are modernized on a day-to-day basis to be more environmentally friendly, fluorescent lamps are gradually replaced with those created in LED technology and more modern and energy-saving devices (EnergyStar) are installed.

Additional expenses for environmental protection were related to the costs of ensuring the obligations to collect, recover and recycle introduced electronic equipment, packaging, batteries and waste management. The summary is presented in the table below.

Expenditure on environmental protection in the scope of waste utilization, recycling and recovery of introduced products	2018	2017
Comarch S.A.	1,758 PLN	2,865 PLN
Other companies in Comarch Group	12,906 PLN	13,035 PLN

8.7. Waste

E.6.1., E.6.2., E.6.3., E.6.4., E.6.5.

Comarch has implemented waste management procedures. Waste is collected in a selective manner and prevents their negative impact on the natural environment. In the field of transport and disposal of waste, Comarch cooperates only with authorized entities that have technical means and administrative decisions allowing management of waste transferred in a manner safe for people and the natural environment.

Below is a table showing the amount of waste generated and transferred in 2017 and in 2018 by the Comarch Group companies. The largest percentage share in the waste stream produced by Comarch is waste electronics. This waste, according to Polish legislation, is subjected to the process of recycling and recovery in waste treatment installations of companies collecting waste.

Comarch Healthcare S.A. is a manufacturer of medical waste generated in the results of its operations. The waste is transported and disposed of by authorized entities.

As a result of catering activities run by the company canteen OPSO Sp. z o.o. waste from the fat separator is generated.

Hazardous waste has been marked with the symbol "*" in the table, masses are given in megagrams.

Significant amounts of waste have been marked in bold, the residual weight of the waste is given jointly for the group's companies. All companies of the Capital Group annually report the amount of waste generated to the appropriate local Marshal Offices.

Comarch is a producer of municipal sewage, which is entirely directed to municipal sewage treatment plants. There is no separate quality and quantity records of the wastewater thus generated.

Type of waste	Code of waste	The amount of waste generated and transferred in 2018 (locations in Poland)	The amount of waste generated and transferred in 2017 (locations in Poland)
Discarded devices containing Freons, HCFCs, HFCs	16 02 11*		-- Mg
Worn out devices containing dangerous elements other than those mentioned in 16 02 09 to 16 02 12	16 02 13*	0,217 Mg	0,411 Mg
Waste equipment other than those mentioned in 16 02 09 to 16 02 13 - electronic scrap	16 02 14	16,427 Mg	10,900 Mg
Items removed from used devices, other than those mentioned in 16 02 15 - printing toners from office equipment	16 02 16	0,185 Mg	0,05 Mg
Other batteries and accumulators	16 06 05	0, 02 Mg	0,013 Mg
Mixed construction, renovation and disassembly wastes other than those mentioned in 17 09 01, 17 09 02 and 17 09 03	17 09 04		--
Medical waste (Comarch Healthcare S.A.)	18 01 03*	3,063 Mg	3,227 Mg
Large-size waste	20 03 07		-- Mg

**hazardous waste*

Level of compliance with regulations

Comarch has implemented the procedure of identification and access to legal requirements. At least once a year an assessment of compliance with the applicable legal requirements and other requirements adopted for use by Comarch is carried out. The results of the assessment are presented in the documentation prepared for the review of the Integrated Management System and presented to the Management Board.

E.7.3., E.7.4.

In the reporting period Comarch S.A. and the Comarch Group companies have not been subject to significant financial penalties and non-financial sanctions for non-compliance with environmental protection regulations.

In the reporting period, Comarch Group companies did not receive any complaints regarding environmental impact under the formal complaint mechanisms.

E.7.1., E.7.2.

In the reporting period, Comarch Group companies did not receive any complaints regarding environmental impact under the formal complaint mechanisms.

As part of cooperation with external entities, actions were undertaken dedicated to employees, under which employees could return used electrical and electronic equipment, including large-size equipment. At the same time, waste paper collection was carried out. Currently, waste containers are placed in Comarch facilities. Employees can return used electrical and electronic equipment on an ongoing basis; additionally, they can dispose of used batteries and fluorescent lamps.

From November 2014, Comarch is a member of the Polish Chamber of Commerce for Environmental Protection, which brings together entrepreneurs being waste recovery organizations and entrepreneurs introducing packaging, products in packaging as well as electrical and electronic equipment to the market.

9. Assessment of the Significance of Aspects for the Environment

The significance of particular aspects for the Comarch Group (unless otherwise indicated) is defined as follows:

Category	Aspects	Significance of Aspects	Indicators by GRI
Managerial	Description of the business model and strategic development directions	High/medium/ low	G.1.1., G.1.2.
	Governance	High/medium/ low	G.2.1., G.2.2., G.2.3.
	Social and environmental risk management	High/medium/ low	G.3.1., G.3.2.
	Ethics management	High/ medium /low	G.4.1., G.4.2., G.4.3., G.4.4., G.4.5., G.4.6., G.4.7., G.4.8.
Environmental	Direct and indirect impact: raw materials and materials	High/ medium /low	E.1.1., E.1.2.
	Direct and indirect impact: fuel and energy	High/ medium /low	E.2.1., E.2.2., E.2.3.
	Direct and indirect impact: water	High/ medium /low	E.3.1., E.3.2., E.3.3.
	Direct and indirect impact: biodiversity	High/medium/ low	E.4.1., E.4.2., E.4.3., E.4.4.
	Direct and indirect impacts: emissions to the atmosphere	High/ medium /low	E.5.1., E.5.2., E.5.3., E.5.4.
	Direct and indirect impact: waste and sewage	High/ medium /low	E.6.1., E.6.2., E.6.3., E.6.4., E.6.5.
	Other aspects of direct and indirect environmental impact	High/ medium /low	E.7.1., E.7.2., E.7.3., E.7.4., E.7.5., E.7.6.
	Extended environmental responsibility: products and services	High/ medium /low	E.8.1., E.8.2., E.8.3.
Social and employee	Use of public aid and public orders	High/medium/ low	S.1.1., S.1.2.
	Employment level and remuneration level	High/ medium /low	S.2.1., S.2.2., S.2.3., S.2.4., S.2.5., S.2.6., S.2.7., S.2.8., S.2.9., S.2.10., S.2.11., S.2.12., S.2.13., S.2.14., S.2.15.
	Relations with the employee side and freedom of association	High/ medium /low	S.3.1., S.3.2., S.3.3., S.3.4., S.3.5., S.3.6.
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Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



ir@comarch.pl



+48 (12) 687 78 22

www.comarch.pl/relacje-inwestorskie/

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