



COMARCH

**CONSOLIDATED
NON-FINANCIAL DATA
STATEMENT
FOR 2019**

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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.

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 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.

Given the current situation in Poland and in the world, Management Board of the Comarch S.A. emphasizes that the Comarch Group is very well prepared to operate also in the conditions of the expected economic slowdown caused by the Covid-19 epidemic. We convinced that the Comarch Group due to the very good financial situation, significant product, industry and geographical diversification of its offer and the commitment of employees, Comarch will be able to strengthen its market position as a global provider of IT solutions in the coming periods, to the satisfaction of customers, employees, shareholders and the whole social and economic environment.

The Management Board of Comarch S.A. points that the Non-Financial Information Statement for 2018 includes non-financial information regarding Comarch S.A. and the Comarch Capital Group. The statement 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. This report includes data for 2019 and comparative data for 2018. No significant adjustments were made to the information contained in previous reports. This report is not subject to certification or external verification by professional auditors.

Management Board of the 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. In 2019, the Company celebrated its 20th anniversary of stock quotes on the WSE. 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.

The Comarch Group focuses on developing IT solutions in the service model - Comarch is one of the market leaders in this area. Last year, the Comarch Group launched a comprehensive offer for Comarch Cloud, with the highest security standards, based on the Comarch Data Centre infrastructure. Thanks to Comarch Cloud, customers can use the software, store data and run their businesses without the need to have their own IT infrastructure, while having high performance, reliability, security and scalability ensured.

A detailed description of the products and services provided was included in point 3 of the Statement of Comarch S.A.'s Management Board regarding the activities and Statement of Comarch S.A.'s Management Board regarding the activities of the Capital Group.

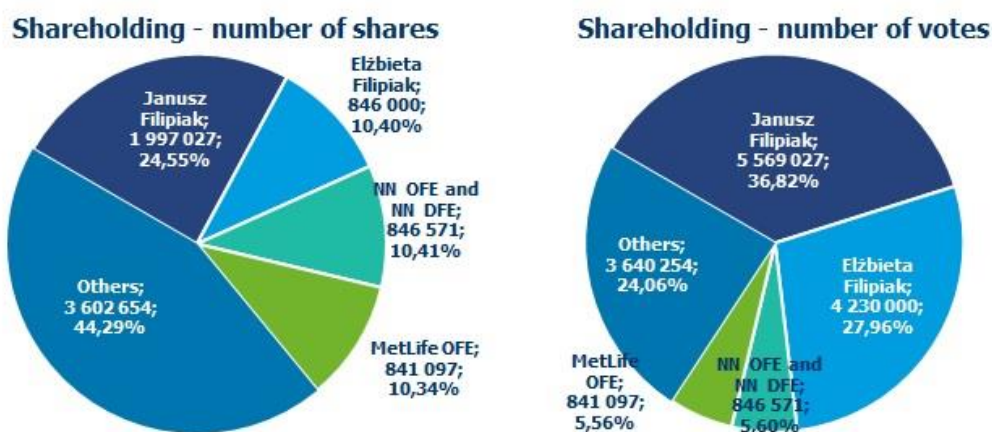
When planning its development strategy, Comarch takes into account social and environmental aspects consciously limiting the impact of its operations on the natural environment, minimizing the consumption of natural resources and limiting the generation of waste generated as a result of the current activity.

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 Statement of Comarch S.A.'s Management Board regarding the activities and Statement 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, 2020

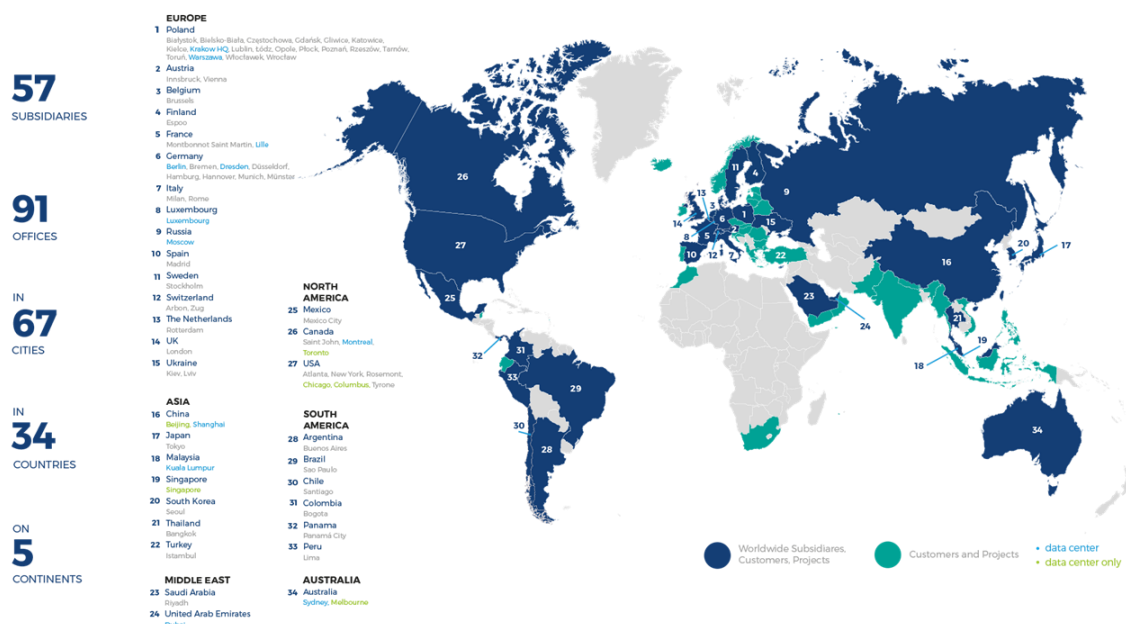


2.2. The Scope of Activity of the Comarch Group in the World

As at the date of publication of the statement, Comarch S.A. has 17 branches in Poland and 1 in Albania, the Comarch Group consists of 57 companies located on 5 continents, in 34 countries, in 91 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 subsidiary - Comarch Pty. Ltd in Australia. In 2020, 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 2019.

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:



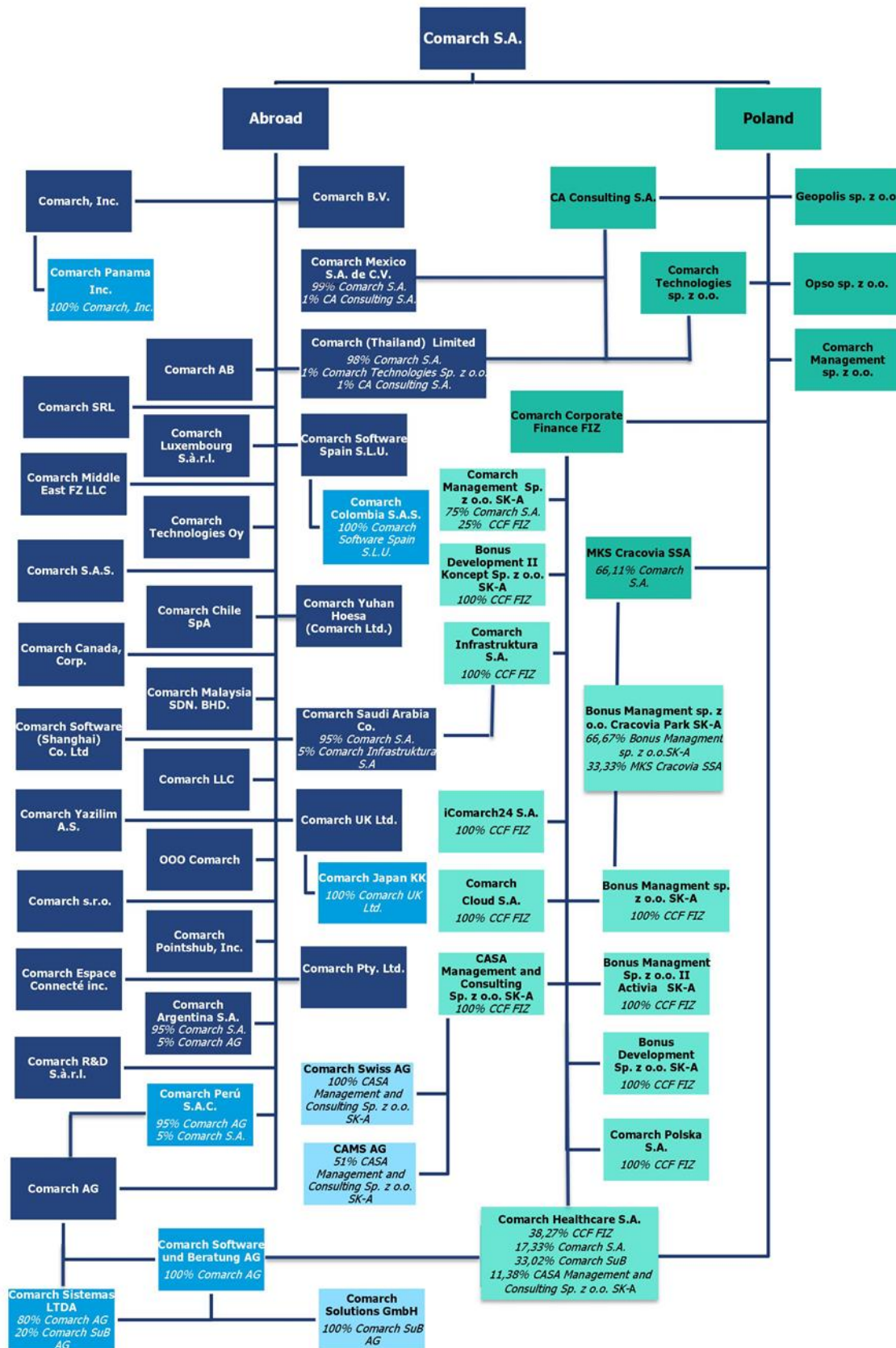
Comarch provides comprehensive data centre services embracing the provision and maintenance of complex system platforms, including hardware, software and administration.

Comarch stores data in 20 data centres worldwide including four of its own (Krakow, Warsaw, Dresden, Lille).



2.3. Structure of Comarch Capital Group as at 31st of December, 2019

The Consolidated Financial Statement of the Comarch Group for 12 months of 2019 include the statements of the following companies. This Non-Financial Information Statement covers all entities of the Comarch Capital Group included in the Consolidated Financial Statement.



100% Comarch S.A., unless otherwise indicated.

2.4. Key Non-Financial and Financial Performance Indicators

As at 31st of December, 2019, Comarch S. A. employed 4,979 persons compared to 4,679 persons employed as at 31st of December, 2018, while in the entire Capital Group the number of employees increased to 6,348 persons compared to 6,040 persons as at 31st of December, 2018.

Average number of employees in Comarch Group	2019	2018	2017	2016	2015
Employment agreement	5,087	4,727	4,393	4,323	4,066
Other form of employment	1,361	1,364	1,245	1,276	1,238
Total	6,448	6,091	5,638	5,599	5,304

Average number of employees in Comarch Group	2019	2018	2017	2016	2015
Production employees and technical consultants	5,103	4,797	4,369	4,342	4,104
Marketing and sales	321	298	293	336	339
Management and administrative employees	499	495	458	434	427
Other	525	501	518	487	434
Total	6,448	6,091	5,638	5,599	5,304

As at 31st of December, 2019, in the Group 3,544 employees were employed in Krakow, 2,184 in other cities in Poland and 629 outside of Poland.

Average number of employees in Comarch S.A.	2019	2018	2017	2016	2015
Employment agreement	4,057	3,753	3,492	3,416	3,121
Other form of employment	930	934	844	888	860
Total	4,987	4,687	4,336	4,304	3,981

Average number of employees in Comarch S.A.	2019	2018	2017	2016	2015
Production employees and technical consultants	4,330	4,052	3,733	3,698	3,403
Marketing and sales	180	168	161	179	177
Management and administrative employees	414	407	372	353	340
Other	63	60	70	74	61
Total	4,987	4,687	4,336	4,304	3,981

As at 31st of December, 2019, 3,019 employees were employed in Krakow, 1,960 in other cities in Poland.

In 2019, the Comarch Group generated sales revenue of PLN 1,437,423 thousand. They were higher by PLN 67,804 thousand (i.e. by 5.0%) than in 2018. Operating profit amounted to PLN 143,383 thousand and was higher by PLN 55,840 thousand (i.e. by 63.8%) compared to 2018. The net result attributable to the shareholders of the parent company amounted to PLN 104,846 thousand and was lower by PLN 74,230 thousand (i.e. by 242.5%) than in 2018. In 2019, the margin on sales and operating profitability increased to 29.3% and 10.0%, respectively. Return on gross sales and net sales reached 9.9% and 7.3% respectively. Such a significant improvement in profitability was possible thanks to the increase in the scale of the Group's operations, broadening its market offer and constant improvement in the effectiveness of the actions taken.

Comarch S.A.'s detailed financial analysis was presents in point 9 of the Statement of Comarch S.A.'s Management Board regarding the activities in [2019](#).

COMARCH GROUP CONSOLIDATED FINANCIAL DATA (in thousands of PLN)	2019	2018	change
Revenue	1,437,423	1,369,619	5.0%
Operating profit	143,383	87,543	63.8%
Profit before income tax	142,369	62,480	127.9%
Net profit attributable to shareholders	104,846	30,616	242.5%
Total assets	1,842,711	1,665,945	10.6%
Liabilities and provisions for liabilities	871,955	789,837	10.4%
Non-current liabilities	257,351	230,184	11.8%
Current liabilities	614,604	559,653	9.8%
Equity attributable to shareholders	952,123	858,146	11.0%
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 2019, Comarch S. A. achieved sales revenue of 1.5% lower than last year (PLN 951,698 thousand in 2019, compared to PLN 966,100 thousand in 2018). Operating profit amounted to PLN 33,519 thousand and was lower by PLN 55,870 thousand compared to 2018, net profit amounted to 57,627 thousand and was higher by PLN 7,979 thousand compared to the previous year. In 2018, operational profitability was 3.5%, net profitability was 6.1%.

Comarch S.A.'s detailed financial analysis was presents in point 9 of the Statement of Comarch S.A.'s Management Board regarding the activities in [2019](#).

COMARCH S.A. SELECTED FINANCIAL DATA (in thousands of PLN)	2019	2018	Change
Revenue	951,698	966,100	-1.5%
Operating profit	33,519	89,389	-62.5%
Profit before income tax	67,397	57,075	18.1%
Net profit attributable to shareholders	57,627	49,649	16.1%
Total assets	1,395,045	1,334,900	4.5%
Liabilities and provisions for liabilities	513,505	500,711	2.6%
Non-current liabilities	120,946	152,343	-20.6%
Current liabilities	160,942	157,089	2.5%
Equity	881,540	834,190	5.7%
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%

Both Comarch S. A. and the Comarch Group have a very high share (over 90%) in their revenue from sales of products and services with high added value. The sales of solutions of third-parties constitute not high level in the Comarch Group's sales.

Electricity, heat, gas and water consumption and overall CO ₂ e emissions of the Comarch Group	2019	2018
Electricity consumption	22,309,884 kWh	21,691,281 kWh
Heat consumption	7,188,247 MJ	9,162,000 MJ
Gas consumption	344,367 kg	333,515 kg
Water consumption	45,532 m ³	42,534 m ³
Overall emission of CO ₂ e	16,501 MgCO ₂ e	18,298 MgCO ₂ e

Electricity, heat, gas and water consumption and overall CO ₂ e emissions of the Comarch Group	2019	2018
Electricity consumption	17,594,566 kWh	17,190,300 kWh
Heat consumption	4,248,000 MJ	6,507,000 MJ
Gas consumption	338,812 kg	327,488 kg
Water consumption	37,591 m ³	34,328 m ³
Overall emission of CO ₂ e	14,539 Mg CO ₂ e	15,639 Mg CO ₂ e

Details on electricity, heat, gas, water and emissions are described in point [9.](#) of this statement.

2.5. Awards and Rankings in 2019

■ Comarch received the INVEST 2018 award in the category "Polish winner in France"

Comarch received the INVEST 2018 award in the category "Polish Winner in France";. This distinction was awarded in a competition organized by the Polish Embassy in Paris for the company's contribution to building bilateral relations and improving Poland's image by showing the innovative and dynamic side of the Polish economy.

■ Comarch S.A. best IT company in 2019

Comarch S.A. is the best IT company in 2019 - this is the result of the 14th ranking of IT companies providing services for the financial sector. The award ceremony took place on 14 November, during the IT@BANK 2019 conference. The event was attended by over 600 participants. As every year, in the IT@BANK ranking, honorable mentions were also granted in five additional categories: effectiveness, development potential, Innovation Leader by IT companies, position of companies in the financial sector and position of companies in the cooperative banks sector. In addition to the main award, Comarch was awarded as a winner in the category "Development potential"; and won second award in the category "Company position in the financial sector".

■ Comarch Cloud Infraspaces nominated for the award eco://award 2019

Comarch Cloud Infraspaces was nominated for the eco://award award in the hosting category. This prize is awarded by a German institution called eco - Verband der Internetwirtschaft e. V. [pl: [eco - Internet Economy Association]]. The main selection criteria are innovation potential and economic and social relevance. The eco://award awards are among the most prestigious distinctions in the field of the Internet economy, and the jury is composed of representatives of the economy as well as scientists, researchers and politicians.

■ „Jedynki Gazety Wyborczej" for Comarch

Comarch received the title of „Jedynki Gazety Wyborczej" - a distinction awarded to companies that have made a special contribution to the development of Malopolska's economy over the last 30 years.

The award ceremony took place during the conference "30 years of the economic success of Malopolska"; organized by the editors of Newspaper Gazeta Wyborcza in Krakow.

■ **Comarch was awarded the title: CEEMA Service Provider of the Year**

HPE Discover is the largest IT conference organized for Hewlett Packard Enterprise customers and partners. During this year's edition, which took place in Las Vegas, Comarch received the title: CEEMA Service Provider of the Year.

■ **"Partnership 2019" - Partner of the Year Awards handed out**

During the conference, the results of the "Partner of the Year" competition are also announced for companies that have carried out the most interesting implementations of Comarch ERP family solutions. This year, the awards were granted in nine categories: main Comarch ERP products, the best marketing campaign, special prize IDG Computerworld and the audience award.

■ **Comarch in TOP 200 "Computerworld" report 2019**

Every year, the editorial team of Computerworld magazine prepares a publication which describes the condition of the Polish IT market, analyses trends in the industry and prepares rankings of companies in several categories. According to the authors of the report "Computerworld Top200 2019" Comarch took first place in the categories: integration services provider and cloud service provider. He also took high positions among providers of service solutions for the trade sector and companies from the telecommunications industry. The financial result generated in 2018 in the amount of PLN 1.32 billion gave the Comarch Capital Group the sixth position in the list of "Largest capital groups operating in Poland in 2018". Whereas Comarch S.A. was ranked ninth in the list of "IT companies with the highest net profit from IT" with the result of PLN 49.6 million. In the category "Largest IT companies operating in Poland" Comarch currently occupies 13th position, two meshes higher than the year before.

■ **Comarch received the Malopolska Economic Award in the category of large enterprise**

The Malopolska Economic Award is a distinction granted by the Malopolska Economic Council for companies and institutions which constitute the economic showcase of Malopolska. The award ceremony took place during the Malopolska Investor and Exporter Service Forum organised by Malopolska.

■ **"Cooperation Leader" distinction for Comarch**

During the jubilee meeting of the Social Insurance Institution, which celebrated its 85th anniversary, awards were given to the institution's partners. Comarch implementing strategic projects for the state received the "Cooperation Leader" award which was received on behalf of the company by Paweł Prokop, Vice-President of Comarch. The award was granted for the involvement and support of ZUS in the implementation of tasks serving the welfare of the state and citizens.

■ **Comarch in the group the national champions of Insight Policy**

Comarch was in the top ten of the ranking of national champions, prepared by the analytical and research company Policy Insight. The authors of the list took into account the efficiency of companies, their role in the industry, their presence on the international market and investments in development and innovation.

■ **Comarch "Trustworthy Brand"**

Comarch was the winner of the "Trustworthy Brand" ranking in the "Cloud Services Company" category. The study was carried out by Kantar Millward Brown Institute for "MyCompany Polska" magazine.

■ **Comarch Anti-Money Laundering hit 2019**

For the 17th time in a row the editors of "Gazeta Bankowa" have indicated the most interesting technological innovations on the Polish market. Among them was the Comarch Anti-Money Laundering system. "Hit of the Year" is a competition which selects the most innovative IT solutions for companies

and institutions. It is played in 3 categories: "Banking", "Insurance and other financial institutions" and, more recently, "Industry 4.0". The latter term refers to the fourth industrial revolution, which consisted in integrating physical objects into an information network. This year, in the "Banking" category, the Comarch Anti-Money Laundering system was a hit. Its main task is to monitor and label money laundering transactions, and the most important feature is the ability to draw conclusions from its analysis. Because the system is based on artificial intelligence, it understands the relationships and similarities between data, so it can better detect anomalies and anticipate them.

■ **Comarch Intelligent Assurance has received the Innovation Award 2019 of Pipeline magazine**

Comarch was recognized as the best innovator in the category "Innovation in quality assurance". This category aims to "distinguish innovations designed to ensure quality of service and operations and to prevent problems that affect customers". The Innovation Awards of Pipeline magazine are awarded by a jury composed of the most important directors of leading service providers and influential members of the telecommunications analyst community. They are one of the most desirable distinctions confirming the company's constant pursuit of excellence in the field of communication technologies.

■ **Comarch was ranked first in the "development potential" category and second in the main IT@BANK ranking**

Once more, Comarch has won recognition of the jury of the annual IT@BANK ranking, which identifies the best software and service providers for the financial sector. This year, Comarch took the first place in the "development potential" category and the second place in the main IT@BANK ranking. 48 companies competed for including in terms of revenue, number of employees and size of client portfolio.

■ **Comarch among the best listed companies in 2018**

In March 2019 "Puls Biznesu" awarded the best listed companies of 2018. Comarch was placed in the prestigious group of ten best companies in the ranking. The distinction was received on behalf of the company by Konrad Tarański, Vice-President of Comarch.

■ **Pearl of the Polish Economy for Comarch**

Comarch received the Pearl of the Polish Economy certificate in the category of Large Pearls. The Chapter awarded the company an award for consistent implementation of the company's policy and strategy and for its leading position among the most dynamic and effective companies.

■ **Comarch in the reports of analytical companies**

According to the report "Poland Enterprise Application Market Shares, 2018:2019 Update", the Krakow-based company was the only one of the companies classified in the top three providers of Enterprise Application Software solutions to increase its market share in this segment. The sale of Comarch systems already covered 20.2% the market for business management systems. This gave the company second place in the list of producers, including both Polish and foreign companies. Among the suppliers of solutions for the SME segment (employment of up to 499 employees), Comarch maintained its leading position for the next year in a row. According to IDC, the company had almost 30 percent market share. Another supplier had 19.8 percent in this segment.

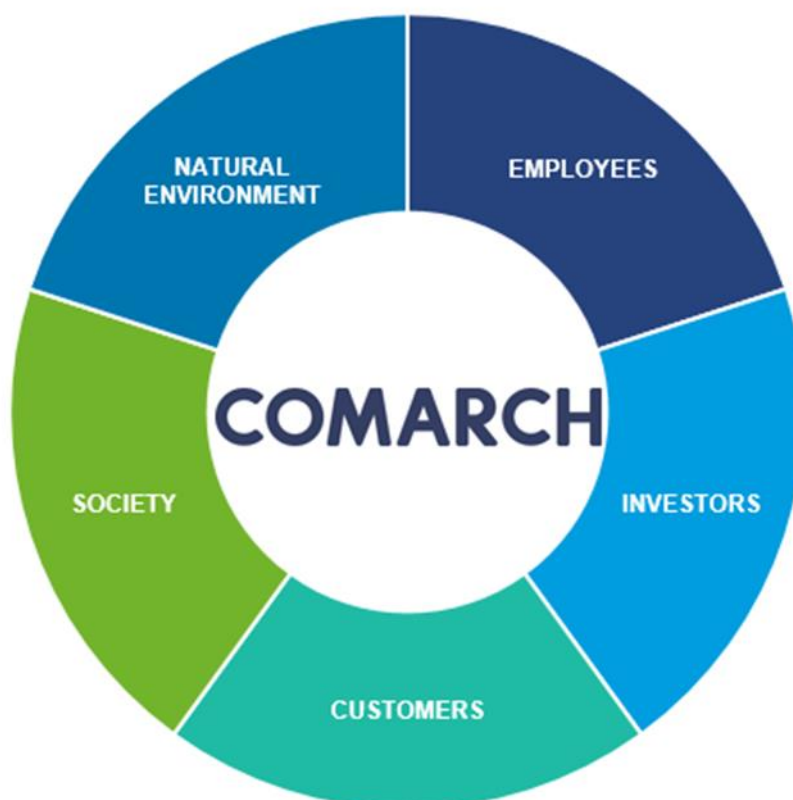
Comarch was included by analytical firm Forrester in the February 2019 report on B2B Customer Engagement Marketing (CEM) solution providers. After analysing more than twenty different vendors in terms of size, performance and focus on after-sales marketing, Forrester has recognized Comarch, which is classified as a large vendor, in a core functionality segment including advocacy, which includes features such as customer loyalty, gameplay and customer recognition and rewards.

Comarch solutions supporting sales, including Mobile Sales Force, Online Distribution and Reporting Platform were included in the report prepared by POI Institute. Additionally, the company was included in the 2019 Vendor Panorama for Retail Execution and Monitoring in Consumer Goods report, receiving the POI Best-in-Class Award for its interactive presentation to customers. Comarch is one of the few companies that offer integrated TPM, Retail Execution and e-Commerce. POI Institute also appreciated the company for providing highly interactive analyses with innovative KPIs.

The Comarch Wealth Management solution was mentioned in the Celent report, which, after a thorough analysis, presents the most innovative European providers of direct asset management platforms. The experts of Celent evaluate each solution on the basis of several criteria: the most modern technology ahead of trends, the highest quality of service and adequacy to the market situation. These solutions are also ranked in the ABCD supplier view.

3. Stakeholders

The basis for identification and selection of stakeholders is the definition adopted by Comarch Group, according to which a stakeholder is an entity that has influence and is influenced by its activities.



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).

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 statement 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 statement and approves all strategic decisions related to the process of creating a non-financial data statement. 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:

- Ongoing efforts aimed at ensuring the quality and competitiveness of our products and services
- Improving products and services in order to meet the requirements and expectations of our customers,
- Engaging in mutually beneficial cooperation with our suppliers to improve the quality and offered products and services,

- Protecting the information assets of our clients and reinforcing the confidence of customers and other interested parties in the area of information security,
- Improving the skills and qualifications of personnel through an effective education system and trainings aimed at areas related to quality, information security, environmental protection, energy management and occupational safety,
- Promotion of a healthy and active lifestyle,
- Continual improvement of occupational safety and health of all employees,
- Preventing of workplace accidents, occupational diseases and high potential accidents,
- Actively engaging in activities aimed at limiting negative environmental impacts and improving energy efficiency,
- Obeying applicable legal requirements and other,
- 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:
 - Integrated Management System Policy,
 - Export Control System Policy,
 - Security Policy,
 - Supplier Sustainability Policy,
 - Policy of Privacy,
 - Policy of Respect for Intellectual Property of Third Parties,
 - Code of Conduct of the Comarch Capital Group,
 - Quality Policy of the Quality Management System of Medical Devices,
- Declaration of polish business for sustainable development,
- Corporate Social Responsibility (CSR),
- Anti-Corruption Policy of the Comarch Capital Group;
- Anti-corruption guidelines for the Comarch Capital Group;
- 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 Export Control System, which meets the requirements of Article 11(2) the Act of 29th of November, 2000 on foreign trade in goods, technologies and services of strategic importance for national security, as well as for maintaining international peace and security (as amended),
- 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 Export Control System Policy 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.

Integrated Management System Policy

[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 technologies and services of strategic importance to state security.

G.3.2.

As part of the Integrated Management System, 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 2019 it was 216. 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 2019, 55 non-compliances, 265 strengths and 255 potentials for improvement were identified.

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

Export Control System Policy

[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 Export Control System Policy has been implemented within the Comarch Capital Group, whose main document is the Export Control System Policy. The main assumptions of this policy are as follows:

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

G.3.2.

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

- The risk related to incorrect classification of products and services under ECS,
- The risk related to undertaking a cooperation with a contractor on the Lists 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 ECS.

G.3.1.

Minimization of risks related to international trade in goods is carried out within the mechanisms described in the section "Integrated Management System Policy". In the case of the ECS, 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 ECS, 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 ECS, 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 2019, internal audits did not identify any inconsistencies in this area.

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.

Supplier Sustainability Policy

[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 Supplier Sustainability Policy, 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,
- Ensuring high quality products and services for customers on the international market, while paying particular attention to the safety of information resources, environmental aspects and health and safety of employees,
- 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 Supplier Sustainability Policy, 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 "Integrated Management System Policy" 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 "Integrated Management System Policy". 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 of the Comarch Capital Group

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 Spokesperson on Ethics 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 Spokesperson on Ethics is responsible for:

- 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 of the Comarch Capital Group, 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 Spokesperson on Ethics 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 were received, in 2016, there was one infringement of the Code and, in 2017, no infringements was received, in 2018, one such infringement was sent to the address whereas in 2019, 2 infringements were received. 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

In the occurrence of any irregularities, including in the dimension of employment, employees have the opportunity to report them to supervisors. In addition, reports of any infringements of working conditions, ethics and environmental protection may be reported by employees to the Spokesperson on Ethics to etyka@comarch.pl or anonymously by internal mail.

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 2016-2019, 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 Supplier Sustainability Policy, Comarch supports and encourages suppliers to follow ethical principles in their activities. In the survey of suppliers carried out in 2019, on a question in the survey: Does your company

have implemented the Code of Conduct? "YES" was answered by 52% of companies participating in the survey. Suppliers who answered "YES" to this question in 2018 accounted for 44% of respondents. 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 respect to 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 Capital 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 S.A.	2019	2018
number of people participating in training	744	608
total number of training hours	744	608
% of trained employees from among newly hired	81%	90%

Comarch Capital Group	2019	2018
number of people participating in training	744	608
total number of training hours	744	659
% of trained employees from among newly hired	76%	85%

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 2,050 project refers to the international initiative taken by the World Business Council for Sustainable Development (WBCSD). Vision 2,050 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. Due to the high activity of the Comarch Group in the area of Corporate Social Responsibility, work has started on a comprehensive CSR policy for the Comarch Group, regulating the issues described above. 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: <http://www.comarch.pl/o-firmie/zrownowazony-biznes/csr/> (<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.

4.6. Prevention of Corruption

[dimensions: society, employment, corruption counteracting]

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

The Anti-Corruption Policy, implemented in the Comarch Group, is a set of obligatory rules and standards of conduct aimed at preventing and responding to activities that may be marked by corruption. The Anti-Corruption Policy sets out how to deal with a threat of corruption or corrupt behaviour.

The Anti-Corruption Policy complements the provisions of national and international law in the field of anti-corruption, and the obligation to comply with these provisions rests with each employee, co-worker and representative of the Comarch Group.

The adopted Anti-Corruption Policy defines the principles to which all employees, co-workers and representatives of the Comarch Group are obliged to adhere, which are above all:

- transparency of operations and zero tolerance of corruption,,
- compliance with national and international law.

The Policy is complemented by the Comarch Group Anti-Corruption Guidelines, which contain detailed rules of conduct for employees, co-workers and representatives of the Comarch Group, aimed at preventing the occurrence of corruption risks and responding to any symptoms of corruption.

G.3.1.

Suspected violations of the principles of the Anti-Corruption Policy or other legal regulations may be reported by employees to etyka@comarch.pl or anonymously to the Spokesperson on Ethics.

Legal action wasn't taken against Comarch S. A. or any other company in the Comarch Group concerning infringements of free competition rules and monopolistic practices. Non-financial sanctions have not been imposed for non-compliance with laws and regulations.

S.10.1

The Group has assessed its operations in terms of the potential for corruption and is taking measures to minimise the associated risks, including by implementing procedures to prevent corrupt behaviour, as well as by providing training to employees who may come into contact with such behaviour.

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.

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.

Absence of tolerance for corruption and compliance of the principles of fair competition are also contained in point V of the Comarch Capital Group's Code of Conduct..

S.10.3

No confirmed occurrences of corruption.

Comarch does not provide support for political parties, politicians or institutions of a similar nature.

S.10.2

No occurrences 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 29th of April, 2020, the Management Board of Comarch S.A. submitted a statement on the application of corporate governance principles by Comarch S.A. in 2019.

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 2019, 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 Statement regarding the acceptance of corporate governance principles in Comarch S.A. published in 2019.

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 export 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 Statement regarding the acceptance of the corporate governance principles is also available at: www.comarch.pl/relacje-inwestorskie/lad-korporacyjny (<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 Export Control System Policy 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. An opportunity for the organization is to start cooperation with new clients, establish new business relations.

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 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 2019, 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.

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 Supplier Sustainability Policy 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.

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.

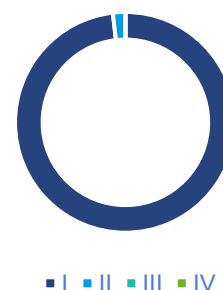
In 2018, surveys have been sent to 154 suppliers. 18 companies sent back the answer. In 2019 another 227 surveys have been sent. 25 companies sent back the answer. In addition, in accordance with the supplier analysis procedure, the dispatch of surveys is repeated on a regular basis every year in the event that suppliers notice changes in their organisation in the areas covered by the survey.

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.

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

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

Cooperation assessment



Results, condition as of 31th of December, 2019. Cooperation with 284 suppliers was assessed.

Category			
I	II	III	IV
79%	18%	2%	1%

Cooperation assessment



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	2019	2018
Poland	83%	83%
DACH	4%	3%
Europa-other	11%	11%
Americas	1%	1%
Other	1%	2%

Comarch business region - share of purchase value from suppliers in each location	Local suppliers %		Foreign suppliers %	
	2019	2018	2019	2018
Poland	98%	98%	2%	2%
DACH	51%	55%	49%	45%
Europa-other	38%	36%	62%	64%
Americas	54%	43%	46%	57%
Other	33%	44%	67%	56%

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

The following table shows the percentage of contracts signed in previous years by the Comarch Group companies with software and hardware manufacturers and key subcontractors (exceeded the

turnover of PLN 100,000), 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 2019	Ethics	Health and Safety	Human rights	Respect for the environment	Human rights including the prohibition of child labour or forced labour
Comarch S.A.	86.0%	70.0%	73.8%	70.0%	73.8%
Comarch Group	86.3%	69.5%	73.1%	69.5%	73.1%

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
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Comarch S.A.	60.4%	35.5%	54.4%	47.9%	54.4%
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 2019 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 the public sector

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 29th of 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 Export Control System Policy 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.

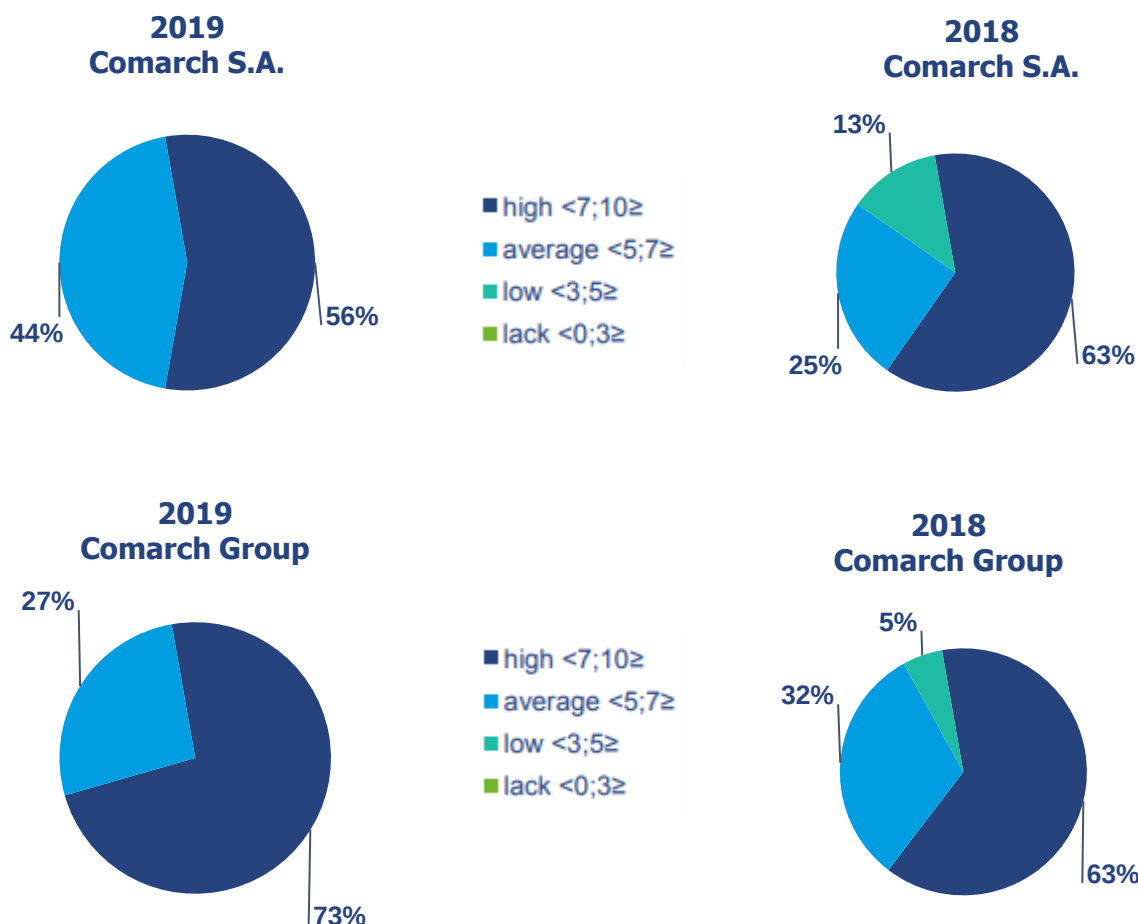
Phases of customer satisfaction survey:

- 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 2019 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 2019:



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

Comarch is a producer of IT solutions and an integrator. Since 1993 Comarch has been helping clients to achieve greater profitability and profit from modern products and solutions, using a wide range of tools complemented by top quality services. Comarch has gained experience in the most important industries (in telecommunications, finance, banking and insurance, trade and services, IT infrastructure, public administration, industry, health care, as well as small and medium-sized enterprises) thanks to projects carried out for the largest Polish and world brands (<https://www.comarch.pl/o-firmie/profil/> (<https://www.comarch.com/company/comarch-at-a-glance/>)).

Comarch is also a manufacturer of electronic devices, including medical devices. Comarch makes every effort to ensure that the products introduced meet the needs of the market and consumers, while being safe. Manufactured products shall, where applicable, be subject to conformity assessment as defined in the applicable regulatory requirements, including the required tests and trials for safety and performance. Comarch also provides reliable information on the intended use of the offered products; it also informs about the risks associated with the products during their normal or reasonably foreseeable use during the life of the product, taking into account situations where the benefits of using the product outweigh the possible risks.

When producing electronics, Comarch also takes into account the requirements related to environmental protection.

In the years 2017 - 2019, neither Comarch S.A. nor any other company in the Comarch Group was penalised for non-compliance with laws and regulations on the provision and use of products and services.

In order to strengthen the quality and safety assurance of the offered products, Comarch S.A. has implemented and certified the Integrated Management System described in section [4.1.](#)

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.

Due to the entry into force of the regulation on personal data protection in 2018, the Comarch Group has implemented a number of personal data protection procedures supplementing the policies and procedures based on ISO standards that have already existed in the company for many years.

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.

Both in 2018 and 2019, there were no administrative proceedings conducted against Comarch Group companies (e.g. UODO) as well as no penalties have been imposed for non-compliance with the law and regulations on issues related to personal data protection (broken down into legally binding and non-binding ones).

In 2019, fifteen infringements of personal data protection in the Comarch Group were reported which, after analysis, did not need to be reported to the supervisory authority due to the low probability that they would result in a risk of violation of rights or freedoms of natural persons and one infringement which was reported to the supervisory authority.

The increase in the number of violations recorded in the internal register in comparison to 2018, where only three such situations were recorded, is related to a noticeable continuous increase in employees'; awareness in the area of personal data protection, in connection with the training courses conducted and instructions implemented on an ongoing basis, which translates into better detection and reporting of violations, and thus affects the prevention of further violations.

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.

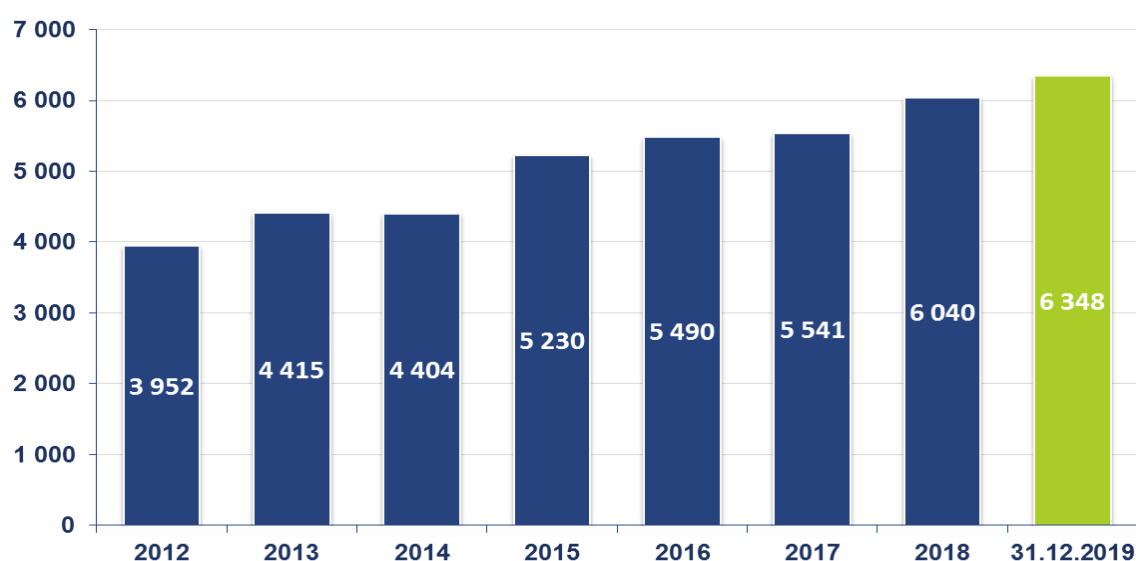
Neither Comarch S.A. nor other Comarch companies has been subjected to any penalties related to improper product labelling. There were also no cases of non-compliance related to the incorrect labelling of the product.

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 17 branches located in urban centres in Poland. As at 31st of December, 2019, 3,544 employees were employed in Krakow, 2,184 in other cities in Poland and 620 outside of Poland.

As at 31st of December, 2019 at Comarch S.A. 4,979 people were employed compared to 4,679 people employed as at 31st of December, 2018, while in the entire Capital Group the number of employees increased to 6,348 persons, compared to 6,040 people as at 31st of December, 2018.



6.1. Average Employment in Comarch Group from 2015 to 2019

Average employment in Comarch S.A., from 2015 to 2019 is presented in tables below:

Average number of employees	2019	2018	2017	2016	2015
Employment agreement	4,057	3,753	3,492	3,416	3,121
Other form of employment	930	934	844	888	860
Total	4,987	4,687	4,336	4,304	3,981

Average number of employees	2019	2018	2017	2016	2015
Production employees and technical consultants	4,330	4,052	3,733	3,698	3,403
Marketing and sales	180	168	161	179	177
Management and administrative	414	407	372	353	340
Other	63	60	70	74	61
Total	4,987	4,687	4,336	4,304	3,981

Average employment in the Comarch Group, from 2015 to 2019 is presented in tables below:

Average number of employees	2019	2018	2017	2016	2015
Employment agreement	5,087	4,727	4,393	4,323	4,066
Other form of employment	1,361	1,364	1,245	1,276	1,238
Total	6,448	6,091	5,638	5,599	5,304

Average number of employees	2019	2018	2017	2016	2015
Production employees and technical consultants	5,103	4,797	4,369	4,342	4,104
Marketing and sales	321	298	293	336	339
Management and administrative	499	495	458	434	427
Other	525	501	518	487	434
Total	6,448	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 2019 was slightly higher than in previous years, which is caused by high demand for human resources in 2019.

6.2. Employment Rotation

S.2.2., S.2.3.

In 2019, 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	Time	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Part Time	183	179	151	142
	Full Time	2,182	2,175	2,898	2,867
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Part Time	74	54	84	67
	Full Time	1,613	1,336	1,925	1,638
	Total	1,687	1,390	2,009	1,705
Total		4,052	3,744	5,058	4,714

Type of employment	Age	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Under 30 years	476	484	574	568
	30-50 years	1,841	1,829	2,318	2,292
	over 50 years	48	41	157	149
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Under 30 years	1,244	1,119	1,382	1,257
	30-50 years	430	263	588	416
	over 50 years	13	8	39	32
	Total	1,687	1,390	2,009	1,705
Total		4,052	3,744	5,058	4,714

Type of employment	Sex	Comarch S.A.		Comarch Group	
		2019	2018	2019	2018
Open-ended contract	Women	703	695	954	916
	Men	1,662	1,659	2,095	2,093
	Total	2,365	2,354	3,049	3,009
Fixed-term contract	Women	524	422	642	555
	Men	1,163	968	1,367	1,150
	Total	1,687	1,390	2,009	1,705
Other forms of employment	Women	104	108	260	292

	Men	823	827	1030	1,034
Total		927	935	1,290	1,326
Total		4 979	4 679	6 348	6 040

S.2.5.

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

In 2018-2019, 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:

POLAND voivodeship	Comarch S.A.		Polish Companies of Comarch Capital Group	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
dolnośląskie	216	195	221	201
kujawsko-pomorskie	33	30	33	30
lubelskie	167	150	173	154
łódzkie	388	375	400	394
małopolskie	3,036	2,897	3,561	3,424
mazowieckie	289	241	337	284
opolskie	1	0	1	0
podkarpackie	50	52	55	55
podlaskie	26	20	38	32
pomorskie	75	71	101	89
śląskie	441	412	544	507
świętokrzyskie	48	49	50	50
warmińsko-mazurskie	1	1	1	1
wielkopolskie	208	186	211	188
zachodniopomorskie	-	-	2	2
Total	4,979	4,679	5,728	5,411

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.

Workplaces created by foreign companies of the Comarch Group in particular countries as at the last day of the year, all types of employment:

FOREIGN COUNTRIES		
country	31 December 2019	31 December 2018
Albania	-	1
Saudi Arabia	2	3
Argentina	3	6
Austria	11	10
Belgium	21	-
Brazil	20	41
Chile	27	28
Finland	1	1
France	80	71
Spain	12	12
Netherlands	3	1
Japan	1	1
Canada	-	3
Columbia	14	15
South Korea	1	-
Luxembourg	-	2
Malaysia	3	5
Germany	246	267
Panama	4	5
Peru	9	9
Russia	2	3
United States of America	21	17
Switzerland	20	21
Sweden	1	1
Thailand	11	7
Turkey	2	2
Ukraine	68	66
Great Britain	9	7
Italy	18	14
United Arab Emirates	10	10
Total	620	629

A large part of the Comarch Group's revenue comes from foreign markets, so there is a need to obtain human resources also outside Poland. Foreign companies adjust the number of employees to the current contract demand by setting up new subsidiaries and creating new locations around the world. Although in a smaller share than in Poland, however, also abroad Comarch contributes in this way to the development of the regions in which it operates.

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	
		2019	2018	2019	2018
The number of people who took of maternity/paternity leave	Woman	97	85	132	110
	Men	2	6	14	12
	Total	99	91	146	122
The number of people who returned to work after the maternity/paternity leave	Woman	80	73	97	92
	Man	1	7	12	13
	Total	81	80	109	105
Return to work rate ^{a)}	Woman	96%	92%	73%	84%
	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	63	69	75	92
	Man	4	7	10	7
	Total	67	76	85	99
Employment maintenance rate ^{b)}	Woman	86%	96%	84%	91%
	Man	57%	88%	53%	78%

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

Employee Pension Plan has not been implemented in the Polish companies of the Comarch Group. Employees of some of the Comarch Group's foreign companies participate in pension programs appropriate for the given countries. In 2019, in accordance with the applicable law of Comarch S.A., iComarch24 S.A., Geopolis sp. z o.o., Comarch Polska S.A., Comarch Healthcare S.A., CA Consulting S.A. and Comarch Infrastruktura S.A. signed agreements for the maintenance and management of Employee Capital Plans with Aviva Specjalistyczny Fundusz Otwarty PPK managed by Aviva Investors TFI S.A.

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
2019	Supervisory Board	under 30 years	-	-	-
		30-50 years	2	-	2
		over 50 years	2	3	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
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

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
2019	Supervisory Board	under 30 years	-	-	-
		30-50 years	2	24	26
		over 50 years	6	14	20
		Total	8	38	46
	Management Board	under 30 years	-	-	-
		30-50 years	12	116	128
		over 50 years	4	17	21
		Total	16	133	149
	Total		24	171	195
2018	Supervisory Board	under 30 years	-	-	-

	30-50 years	1	23	24
	over 50 years	6	11	17
	Total	7	34	41
Management Board	under 30 years	-	-	-
	30-50 years	12	107	119
	over 50 years	4	17	21
	Total	16	124	140
Total		23	158	181

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

Comarch S.A.				2019			2018		
Categories of employees*				Woman	Man	Total	Woman	Man	Total
administration				257	71	328	252	66	318
managerial				138	437	575	125	403	528
production				763	2,222	2,985	682	2,077	2,759
other				69	95	164	58	81	139
Total				1,227	2,825	4,052	1,117	2,627	3,744

*employed on the basis of employment contracts

Comarch Group				2019			2018		
Categories of employees*				Woman	Man	Total	Woman	Man	Total
administration				374	121	495	374	123	497
managerial				169	506	675	156	466	622
production				917	2,656	3,573	823	2,504	3,327
other				136	179	315	118	150	268
Total				1,596	3,462	5,058	1,471	3,243	4,714

*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.					2019				2018			
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	139	173	16	328	128	173	17	318
managerial	37	524	14	575	28	490	10	528
production	1,481	1,475	29	2,985	1,398	1,341	20	2,759
other	63	99	2	164	49	88	2	139
Total	1,720	2,271	61	4,052	1,603	2,092	49	3,744

**employed on the basis of employment contracts*

Comarch Group					2018			
Categories of employees*	2019				2018			
	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	185	271	39	495	172	280	45	497
managerial	44	622	23	689	36	589	20	645
production	1,620	1,647	56	3,323	1,543	1,480	39	3,062
other	107	366	78	551	74	359	77	510
Total	1,956	2,906	196	5,058	1,825	2,708	181	4,714

** employed on the basis of employment contracts*

In 2019, the fastest grown in number of people employed was in the 30-50 age group, they constitute the dominant group of employees.

Categories of employees*	2019				2018			
	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	325	3	0	328	316	1	1	318
managerial	570	5	0	575	525	3	0	528
production	2,921	54	10	2,985	2,702	43	14	2,759
other	157	4	3	164	134	2	3	139
Total	3,973	66	13	4,052	3,677	49	18	3,744

**employed on the basis of employment contracts*

Categories of employees*	2019				2018			
	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	426	53	16	495	431	50	16	497

managerial	625	59	29	713	581	46	28	655
production	3 186	80	30	3 296	2 915	65	31	3 011
other	224	197	133	554	191	202	158	551
Total	4 461	389	208	5 058	4 118	363	233	4 714

**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 increased slightly in 2019 compared to last year's level.

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	
	2019	2018	2019	2018
administration	94%	92%	85%	90%
managerial	64%	66%	74%	68%
production	76%	76%	75%	75%
other	78%	72%	72%	72%

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	2019	2018
Comarch S.A.	2,305	2,012
Comarch Group	2,769	2,279

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 14,000 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 S.A. All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.36	10.52	10.52	11.13	11.53	11.51
men	9.76	11.38	11.32	10.86	12.92	12.85
Total	9.90	11.13	11.09	10.94	12.52	12.47

Comarch S.A. Internal trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.36	10.19	10.19	10.81	11.39	11.37
men	9.76	11.23	11.17	10.71	12.65	12.57
Total	9.90	10.93	10.89	10.74	12.29	12.23

Comarch Group All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.58	10.63	10.63	11.05	9.59	9.63
men	9.89	11.49	11.43	10.72	10.33	10.34
Total	10.07	11.23	11.19	10.81	10.13	10.14

Comarch Group All trainings	2019			2018		
	managers	others	total	managers	others	total
women	10.58	10.32	10.33	10.77	9.35	9.39
men	9.89	11.32	11.26	10.58	9.97	9.99
Total	10.07	11.03	10.99	10.63	9.80	9.82

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.	2019	2018	Comarch Group	2019	2018
All trainings			All trainings		
women	1,256	1,493	women	1,352	1,569
men	3,426	4,074	men	3,570	4,181
Total	4,682	5,567	Total	4,922	5,750

Comarch S.A.	2019	2018	Comarch Group	2019	2018
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Internal trainings			Internal trainings		
women	73	220	women	80	236
men	231	613	men	238	631
Total	304	833	Total	318	867

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 2019 reached PLN 230,6 million and thus exceeded 16% 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 192.7 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 [2019](#).

S.1.2.

Sales to customers from the public sector were as below.

in thousands of PLN	2019	%	2018	%
Revenue Comarch S.A.	952,062	100.0%	966,100	100.0%
<i>Including public sector</i>	40,636	4.3%	33,505	3.7%
Revenue Comarch Group	1,437,423	100.0%	1,369,619	100.0%
<i>Including public sector</i>	132,352	9.1%	193,000	14.1%

In 2019, the Comarch S.A.'s revenue from sales to the public sector clients increased by PLN 7,131 thousand, i.e. by 21.3%. Regarding Comarch Group's revenue from sales to public sector, they decreased by 32.5%, i.e. PLN 62,848, which is related to completion of large contracts for supply of IT products and services. The public sector was responsible for 9.1% of revenue of the Comarch Group in the discussed period.

Amount of subsidies received in particular years

in thousands of PLN	2019	2018
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Comarch S.A.

7 Framework Program (European Commission)	44	308
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,485	1,490
National funds	-	-
De minimis aid	-	-
Total	1,529	1,798

Comarch Group

7 Framework Program (European Commission)	44	308
Structural Funds POIG (Operational Program Innovative Economy)	-	-
Structural Funds POIR (Operational Program Innovative Development)	1,485	1,490
National funds	-	113
De minimis aid	214	207
Regional Operational Programme of Łódzkie Voivodeship	-	361*
Total	1,744	2,480

*) data update in the 2019 statement

7. Corporate Social Responsibility

The Comarch Group is involved in various activities to support the local community, actively supports environmental protection in its immediate surroundings and works to popularize science. Many initiatives and undertakings are implemented by MKS Cracovia SSA.

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



Comarch has been cooperating with St. Mary's church for years. In recent years, the company has donated on the renovation of church's organs and was a co-founder of the new instrument and the entire project of revitalization of the musical space in the St. Mary's church. The middle organs have already been put into operation, while the newly built main organs will be completed for the 700th anniversary of the consecration of the current church in 2020.

St. Mary's Organ Festival

Comarch is the sponsor of the St. Mary's Organ Festival - a series of summer music events in the parish church walls, from its very beginning. The festival is not only musical evenings in the most famous church of Krakow, but also the timeless dialogue of the ages and the confrontation of the common sound of organs with various instruments. The company has been involved in the organization of the event for the fifth time as the main sponsor of the Festival.

Comarch plays with Last Night of the Proms

Also last year, Comarch sponsored an event that permanently entered the cultural calendar of Krakow - the concert *Last Night of the Proms*.

Graduation Project

For the first time, the company was also involved in the Graduation Project - a review of the best diploma theses for people from the Visegrad Group countries. In 2018, 347 diplomas were submitted for review, from which the jury qualified 30 projects for the exhibition. The diplomas were shown in June 2019, during the European Design Festival at the Palace of Culture and Science in Warsaw and in the autumn at the Vienna Design Week. The vernissage in the Cieszyn Castle cultural centre was accompanied by the ceremonial awarding of special awards - paid internships at Comarch.

Comarch Cares grant competition

Comarch employees who, together with institutions (foundations, associations, educative and educational institutions), want to implement pro-social activities, could apply to the #ComarchCares Grant Competition. In autumn 2018, the next edition of the competition was decided, in which two winning grants were selected to be carried out in 2019: "Programming has a future" and the project "Programming - adventure for life". The first involved conducting programming classes for older children and adolescents, as well as Lego WeDo 2.0 and Lego Boost classes for pre-schoolers in Tarnow. The second initiative involved the organization of additional activities for children from secondary schools in Poznan, the basics of programming with elements of robotics and the use of new technologies, e.g. 3d printing, digitally controlled machines. The project also uses the Sphero Edu platform and Star Wars BB-8 robots. The projects were implemented in 2019.

For local communities



As in the previous years also in 2019, employees from Polish Comarch companies in branches throughout Poland joined the organization of holiday collections of material for needy people. Over a dozen organizations and institutions received support, including Lesser Poland Hospice for Children, Zdążyć z Pomocą Foundation (With help on time), Saint Lazarus Hospice or orphanages.

The organization of a charity event on the occasion of World Animal Day was also returned. Thanks to the enormous commitment of the company's employees, we managed to support shelters and organizations working for homeless animals in Bielsko-Biala, Gdansk, Gliwice, Katowice, Kielce, Lublin, Lodz, Poznan, Tarnow, Warsaw and Wroclaw.

Comarch also became the sponsor of the Czyżyny festival. Czyżyny District for Children - a family outdoor event for the residents of the Krakow district, in which its headquarters is located, and the iMed24 medical

centre belonging to the Comarch Capital Group appeared at an event with a stand, conducting health-promoting activities.

ECOLOGICAL ACTIONS

Responsible administration of Comarch buildings - photovoltaics, rainwater and waste segregation

There are seven office buildings in the Comarch campus in Krakow, in which over 3,500 people work every day. The company also owns several buildings outside Krakow, two in Warsaw and one in Lodz. In addition, the company rents several offices in Poland and abroad. The management of these properties takes place taking into account pro-ecological practices, such as for e.g. modernization of buildings and equipment, use of renewable energy sources or application of an appropriate purchasing policy. In objects owned by Comarch, lamps are gradually replaced with new ones with LED technology, and more modern and energy-saving devices are introduced. Containers are arranged in all buildings to segregate waste into four categories: glass, paper, plastic and mixed waste.

The Comarch SSE7 building in Krakow was equipped with photovoltaic panels mounted on the roof of the office building. These devices allow you to partially cover your own electricity demand. They are able to produce 64 kW of electricity, which allows them to power about 1,000 computers. In addition, electric vehicle charging stations have been installed in the underground garage. A distinctive feature of the building are light shelves, designed on the southern and western facades, which have a dual function: they shade the window belt from the sun and reflect light, illuminating those parts of the room that are in the depths. In this way, electricity consumption is reduced. All rooms are equipped with a separate intelligent ventilation and air conditioning system, which is also a source of heating. At night, the air conditioning operates in ecological mode, and in the morning heats the room in advance to the temperature set on the controller. During the implementation of the Comarch SSE7 investment, care was also taken to the immediate surroundings of the building. Trees and shrubs were planted. There are also green areas in the vicinity of the other office buildings on the campus.

In addition, all Comarch buildings are equipped with modern ventilation systems with heat recovery. Systems that collect rainwater are installed in two office buildings at the Kraków campus and at the Lodz facility. This water is used to care for green areas within the company.

We are building an ecological car fleet

The company also gradually exchanges its car fleet for vehicles that meet the latest emissions standards. In 2019, 75% of cars met the stringent EURO6 emission standards, 23% were within the EURO5 standards, and only 2% met EURO4 or lower standards. In 2019, 15 vehicles with older exhaust emission standards were decommissioned. Diesel vehicles are being phased out of the fleet and replaced with more environmentally friendly gasoline and hybrid cars.

Employees are also eco!

Comarch promotes ecological values among its employees, implementing activities encouraging the conscious use of natural resources and reducing energy consumption. In utility rooms and common spaces there are messages reminding you to turn off the light, computers and other devices after work, using reusable envelopes in internal correspondence, limiting printing and sending correspondence electronically, and using the running water wisely.

– Employees are very environmentally aware and willingly join the actions in the field of protection and shaping the natural environment that we organize in the company – says Anna Bajorek, head of the Employer Branding department at Comarch.

For the sake of the environment, the "Come with your own cup for coffee" campaign is organized in the company's canteen, which is located on the Comarch campus in Krakow.

– Instead of selling hot drinks in disposable dishes, restaurant staff can serve these drinks in cups brought by guests. The initiative is primarily aimed at preventing excessive garbage production. In addition, water dispensers or devices that filter water are installed in social rooms in Comarch buildings. In this way, we encourage employees to give up bottled water in favour of "tap water"– lists Monika Krąkowska, head of the administration department at Comarch.

We green Krakow



The proof of the Comarch Group's concern for the natural environment are, among others, joint actions of the company and the Municipal Greenery Board in Krakow, implemented since 2015. Last year, the company continued the greening action of the capital of Lesser Poland. Comarch employees and their families planted 1,500 plants on Krakow Planty, and also distributed to the residents of Krakow seedlings of, among others, lavender, wing-wing and ferns. – *Employees and families contribute their "green" brick to improve public space* – adds Anna Bajorek.

POPULARIZATION OF SCIENCE

The Comarch Group has been actively cooperating with schools, colleges and other educational institutions from the beginning of its activity. In individual departments, employee initiatives are created that involve devoting time to students at dedicated courses or occasional meetings. Our employees share their knowledge during various conferences and events, among others: Women in Tech Summit, Dark Side UX, World Usability Day, dev.js and J / vacon.

In 2019, Comarch was the sponsor of the Interschool IT Festival "Project for six". MFI has been organized for 14 years by the Communications School Complex in cooperation with the Micro-macro Institute Foundation and the Krakow Technology Park. Pupils from Małopolska schools take part in the struggle, and the festival's goal is to promote young talent with IT interests.



Having in its ranks many graduates of the AGH University of Science and Technology in Krakow and cooperating with this university in many fields since the beginning of the company, Comarch decided to support the celebration of the 100th anniversary of the Academy, which took place in 2018-2019.

COOPERATION WITH THE CENTRAL TECHNOLOGY HOUSE

In 2019, Comarch began partner cooperation with the Polish Development Fund Foundation and the Central House of Technology. The task of this place is to popularize the STEAM methodology, i.e. a trend in education developing interdisciplinary competences in the fields of exact sciences, technology, engineering, art and mathematics. Together with CHT employees, we try to make this space a source of knowledge for visitors.

Among the presented devices and technological solutions is the Diagnostic Point (developed by Comarch Healthcare), which shows the possibility of using IT in medical care. The diagnostic point allows for quick so-called pre-screening, without the participation of the operator of the point - anyone willing can within a few minutes independently perform an examination, for example an ECG (without connecting the cables, but only by grabbing the sensor). Such a two-channel ECG test lasts a minute. We can also measure, among others saturation, body temperature and weight, BMI or blood pressure.

In addition, as part of cooperation between children of employees from Warsaw Comarch branches, they took part in interdisciplinary weekend educational classes at the Central Technology House. During the workshops, they gained knowledge in the fields of biology, ecology, environmental protection, as well as electronics and new media.

COMARCH FOR EDUCATION

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

- lectures by employees at universities and colleges on topics related to information technology, technology and economics,
- lending Comarch ERP systems in educational versions (over 600 educational institutions and institutions supplemented with educational versions of Comarch ERP),
- ERP meetings and seminars for lecturers and students, teachers and students of vocational schools,
- training in Comarch ERP systems for teaching staff,
- other educational programs and events for students of economics.

We also distribute special exercise books dedicated to vocational education to prepare for state vocational examinations on the technician economist profile.

COMARCH INNOVATION ZONE



The Comarch Innovation Zone, operating since 2018, is a space in which Comarch's technological achievements in the field of IT systems, telecommunications, the Internet of Things and artificial intelligence are presented. Separated areas of the Zone are dedicated to individual sectors of the economy for which Comarch designs and implements innovative solutions. Visitors have the opportunity to learn about solutions such as Virtual Reality, e-mobility or telemedicine.

The Innovation Zone is not only visited by business partners. Organized tours, the possibility of communing with modern technologies and expanding knowledge create friendly conditions for school and academic groups. A trip to the Innovation Zone is a great opportunity for young people to have inspiring discussions about the future, choice of studies or career paths. During the tour, students willingly interact with modern solutions, ask a lot of questions, deepen their knowledge and interests. Visitors include both high school and primary school students.

A visit to a space full of innovative solutions can be a unique experience regardless of age. Comarch Innovation Zone was also visited by students of the Third Age University. The latest solutions turned out not to be foreign to them - they were an impulse for a lively discussion about Comarch's activity and further technological development.

The Comarch Innovation Zone promotes and teaches. Modern, multimedia space encourages interaction with new technologies and facilitates the organization of knowledge. It is a place of meetings and exchange of thoughts, and at the same time an exhibition area presenting a vision of the future, extremely attractive and valuable for visitors.

SUMMER TRAINING PROGRAM

For years, the company has been consistently continuing the program enabling students to start a career in the IT industry. In 2019, the 17th edition of the summer internship program took place, carried out that year in twelve cities in Poland. The candidates had a choice of programming and telecommunications profile, system engineer, embedded, AI / ML and UX / UI internship. During the internship, over 350 students had the opportunity not only to confront their own ideas with knowledge acquired so far, but also to implement real projects in cooperation with a real client and under the watchful eye of specialists. After three months of paid internships, nearly 75% of them decided to continue working with Comarch.

SPORT AND A HEALTHY LIFESTYLE

For over 25 years, the Polish companies of the Comarch Group have been involved in promoting sport among young people and residents of the Lesser Poland Voivodeship. Since 2003, the company has been the titular sponsor of the oldest existing soccer club in Poland - Cracovia, and in 2019 it became the sponsor of the OSC Premier League soccer club from Lille in France.

The company also promotes a healthy and active lifestyle among its employees. The Comarch Recreation Centre is at the disposal of employees of the Comarch Group companies in Krakow and their families. In the winter season employees can take advantage of free tickets to the ice rink.

Comarch encourages employees to come to work by bicycle in the spring and summer months, providing bicycle infrastructure (e.g. racks, bicycle room, repair stations and changing rooms with showers) and occasional bicycle-related actions. During the annual "Bicycle Breakfast" event, employees who came to work on a bicycle that day receive a healthy snack and can participate in interesting themed campaigns. Last year, Comarch joined the Małopolska campaign "Cycling to work, that is - home, bicycle, work ... over and over again". The aim of the campaign was to promote the bicycle as an everyday means of transport used when traveling to and from work. During the five months of participation in the campaign, nearly 200 Comarch employees systematically commuted to work by bicycle. Bicycle campaigns organized in the company are part of the environmental policy, which is inscribed in the company's strategy and management model.

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 2019, employees of Comarch Group companies in Poland participated in several dozen running events throughout Poland, soccer games or the Comarch Mundial. Some of the events were also charitable.

Also in 2019 in the summer season, employees of the Comarch Group in Poland took part in the running and cycling competition of ComarchONrun and ComarchONbike. During its duration, cyclists rode over 85 thousand km, while runners overcame over 17,000 km. In this edition, for the first time, participants competed for a joint prize, which was financial support for a selected charity. Each month of the struggle was a new challenge and a larger amount to be given to children from the Zakątek Children's Home in Katowice.

To encourage its employees to spend weekends actively and in nature, a trip to Babia Góra for the Kraków, Katowice and Gliwice branch of the company, Comarch also inaugurated the activities of the mountain club.

CSR activities implemented in 2019 by MKS Cracovia SSA

Lajkonik

At the beginning of last year, after a long absence, to the stadium at ul. Józefa Kałuża 1 Lajkonik returned. The new Cracovia mascot regularly appears at soccer and ice hockey matches and at all major club events. Lajkonik is primarily fun for the youngest fans who can take a picture with it or get club gadgets from it. The mascot is also used in outdoor promotional campaigns, visits to schools, etc. Lajkonik has often walked among others around Krakow Błonia, inviting the city residents encountered on its way to the soccer and hockey matches of "Pasy" ("Stripes").



Media and Student Ambassador of Cracovia

The projects were created for young people who actively participate in events related to the Club. Fans - ambassadors, have the opportunity to implement their ideas to promote Cracovia and improve their skills, for example, reporting, editorial or even photographic, gaining valuable experience in the oldest sports club in Poland. During the course of this activity, one of the participants of the Cracovia Media Ambassador program demonstrated his skills to the extent that he was employed at the Club and joined the marketing department on a permanent basis, inter alia, conducting activities for the benefit of the disabled, because he is a wheelchair user himself. Therefore, the programs have the potential to find interesting, energetic and willing people who want to support the Club on many levels.



Cracovia Fan Club „Sprawni z Cracovią”

Since October 2019, the Official Cracovia Fan Club "Sprawni z Cracovią" ("Able-bodied with Cracovia") has been operating, which brings together a community of supporters with disabilities. The fan club, in cooperation with associations and foundations, works on activating people with disabilities by inviting them to soccer and hockey matches. The fan club will organize special events for its members, including meetings with Cracovia players.



Krakow Family Card

In November 2019, the oldest sports club in Poland joined the Krakow Family Card program, created by the Krakow City Council. KFC is a system of discounts, concessions, preferences and entitlements for families with many children and children from family-type care and education centres. The joining of Cracovia in the program is another element of the Club's cooperation with the City of Krakow. The club's offer includes, among others, cheaper passes and tickets for the family sector, discounts in the Official Cracovia Store and for visiting the stadium, and a dedicated offer for children participating in soccer classes of the Cracovia Kids kindergartens.

Cracovia Uruguay

In the capital of Uruguay - Montevideo, the amateur football club Cracovia Uruguay was founded, whose founders were at one of Cracovia's matches a few years ago and became its supporters. The club decided to appreciate the Uruguayan initiative and together with its partner - Puma, sent to Uruguay a packet containing match costumes, passes for matches of "Stripes" for all players of the club Cracovia Uruguay, and other club gadgets. The campaign received wide coverage in social media and was very positively received by fans. In the club museum at the stadium at ul. Józefa Kałuży 1, the Uruguayan club jersey has also permanently appeared.



Teddy Bear Toss

The sixth edition of the popular action around the world took place in 2019 at the Cracovia ice rink. Stuffed animals, thrown on the surface after the first goal for Comarch Cracovia, as usual, went to children from Krakow's children's homes and the University Children's Hospital.



#SergiuKing Action

Action organized in cooperation with supporters, collection of toys, clothes, cosmetics, school supplies etc. for a needy family from Romania, which is supported by one of Cracovia's players - Sergiu Hanca.



„Akcja Rękawiczka” ("Action Glove")

An initiative created by Krakow high school students, which included the oldest sports club in Poland. Volunteers of the "Give a warmth" campaign before two Cracovia matches collected clothes for homeless people, which were given to the poorest during the Charity Eve on the Main Square in Krakow.

Akcja #SzaryEkran (Action #GreyScreen)

Before Christmas, the club joined the social responsibility campaign to fight people's addiction to cell phones. During Christmas, the club abandoned publication on social media to encourage fans to spend this time with their family.



Szlachetna Paczka (Noble Package) – an action that needs no introduction. The players and hockey players of Pasy (Stripes) once again supported the Noble Package, thus helping needy families.

WOŚP (Great Orchestra of Christmas Charity) – As every year, the club also supported the Great Orchestra of Christmas Charity, bidding, among others, to the auction match shirts signed by the players.

Cooperation with the Itaka Foundation

The club, inspired by the activities of Western clubs, decided to use its coverage in social media and in cooperation with the Itaka Foundation help in finding missing persons. Missing people photos regularly appear on club Facebook and Twitter.

Cracovia's Fans Day and Fat Thursday

Cracovia footballers and hockey players offered donuts and apples to the residents of Krakow - reminding them of a healthy lifestyle. The players conducted a number of competitions in which club gadgets and match invitations were to be won.



„Klasy w Pasy” (“Class in Sripes”) - an action supporting the idea of safe and cultural support on stadiums, the club invites organized matches to groups of school children, pupils from educational institutions and sports schools. Entry for participants and guardians of such groups is free.



„Cracovia w szkołach” (“Cracovia in schools”) - Cracovia players and coaches regularly go to Krakow's schools to disseminate knowledge about healthy lifestyles, careers of professional athletes, diet restrictions, cultural doping at the stadium or education - the career path of athletes. For many kids, such meetings are a source of inspiration and motivation for further hard work, not only in sport.



Extra Talent and Extra Class Academy – cyclical actions dedicated to young athletes, organized in cooperation with Ekstraklasa. Actions support the development of young players and give primary school children the chance to show their talent to professional trainers.



Cracovia Kids

Cracovia Kids is a sports development project unique on the Polish scale for children. Following the example of the best clubs in the world, we invite children and their parents to great sport fun in our striped kindergartens! Raising the spirit of fair play, the most important sport principle, through physical movement, we want to build healthy habits among the youngest. This, combined with an individual approach, is a chance for a great ball adventure. Who knows? Perhaps, this is an opportunity to find real football talent among talented youth.

S.9.1., S.9.2.

Comarch's operational activities do not cause nuisance to the local community or pose a threat to its security. In 2019, there were no complaints reported by the local community.

The company does not have its own code of ethics for marketing communications, however, it adheres to the basic principles of ethics in matters of responsible marketing communications. The marketing activities undertaken by Comarch do not contain discriminatory content, in particular on the basis of race, religious beliefs, gender or nationality, and have no elements that encourage violence. Comarch ads must not mislead the recipients and must be implemented in a comprehensible manner. Comarch sponsorship and related agreements must be implemented in a way that is easy to read and understand by the environment and must not violate morality.

S.9.4.

Total amount of donations for social purposes

000' PLN	2019	2018
Comarch S.A.	38	24
<i>the largest recipients</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow</i> <i>Archdiocese of Krakow</i> <i>Headquarters of the State Fire Service in Krakow</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow</i> <i>Archdiocese of Krakow</i> <i>Nowa Huta Alternative Foundation The Art of the Future</i>
Comarch Group	159	81
<i>the largest recipients</i>	<i>Polish-American Women's Association</i> <i>Polytechnic Institute and Virginia State University</i>	<i>Parafia Rzymsko-Katolicka p.w Wniebowzięcia Najświętszej Maryi Panny (Roman Catholic parish of the Assumption of the Blessed Virgin Mary in Krakow) in Krakow</i>

S.9.5.**Total amount spent on sponsorship**

w tys. PLN	2019	2018
Comarch S.A.	6,600	6,600
<i>largest sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i>
Grupa Comarch	8,246	6,655
<i>largest sponsored partners</i>	<i>MKS Cracovia SSA</i>	<i>MKS Cracovia SSA</i>

S.9.6.

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

8. Occupational Health and Safety

SUPERVISION AND ACCIDENT INVESTIGATION SYSTEM

S.4.1., S.4.2., S.4.3., S.4.4., S.4.5., S.4.9

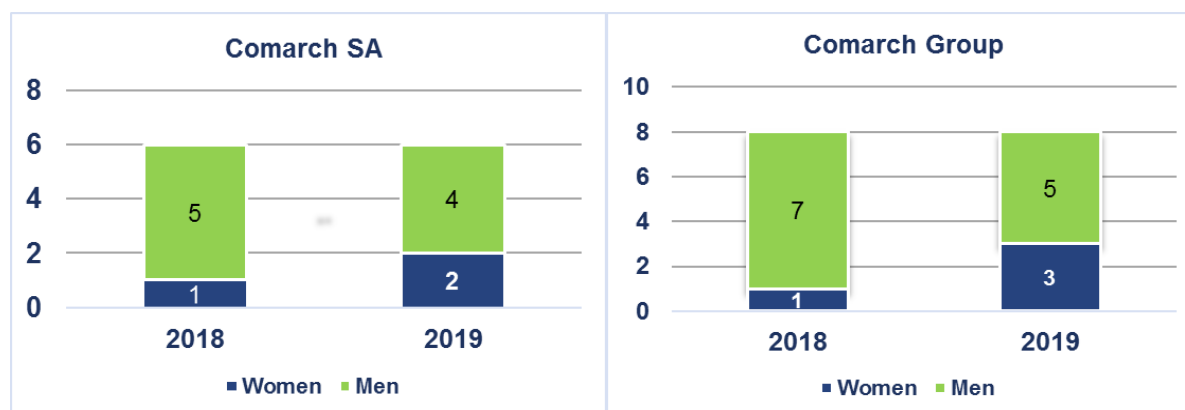
In the Comarch Capital Group, accidents at work are examined in accordance with applicable regulations by an accident team composed of employees of the OHS service and Employee Representatives. Protocols for determining the circumstances and causes of accidents are approved by the Employer. The register of accidents at work and accident documentation is archived. The method of reporting and registering accidents is described in internal procedures developed on the basis of applicable legal requirements and Comarch practice.

To date, no fatal nor serious accidents have been reported in all companies of the Comarch Capital Group. There were also no accidents among Comarch subcontractors.

Comarch has a group of Rescuers with a total of over 100 people in all of its branches. Rescuers are employees trained in first aid and emergency evacuation procedures. Every 2 years, training is organized for Rescuers, aimed at refreshing and systematizing knowledge, informing about possible changes in the standards of providing first aid and about organizational changes in the field of evacuation. Training is also intended to supplement the number of Rescuers. Rescuers have the resources and instructions for first aid. Instructions and checklists specifying the rules of conduct during the evacuation were also prepared. The rescuers are volunteers.

ACCIDENTS AT WORK

Statement of the number of accidents at work and treated equally with accidents at work in 2018-2019



In 2018 and 2019, there were 8 accidents at work in the Comarch Group each year.

One accident in 2019 occurred while performing work, but not related to the provision of work.

Four accidents occurred while the employee was moving. Accidents occurred during activities that were not directly related to the work performed, but were related to the employee's ordinary activities.

One accident occurred during activities that are not directly related to the work performed, but related to the employee's ordinary activities.

One accident was classified as an accident as well as an accident at work. The accident occurred during an employee's business trip.

Injuries in 2019 concerned the hands and upper limbs in 3 cases, the head and neck in 2 cases and the nose (1 case), abdomen (1 case), lower limb (1 case). The reasons for these accidents are mainly related to the human factor and in one case to the element of nature. None of the accidents at work were classified as serious, collective or fatal. Two accidents did not cause inability to work, the other

four accidents resulted in a total of 144 days of inability to work at Comarch S.A. and 1 and 18 days of inability to work in turn in Comarch Healthcare SA and MKS Cracovia SSA. In foreign companies there was no accident at work or on an equal footing with an accident at work.

SUMMARY OF DATA CONCERNING ACCIDENTS AT WORK IN THE YEARS 2018-2019

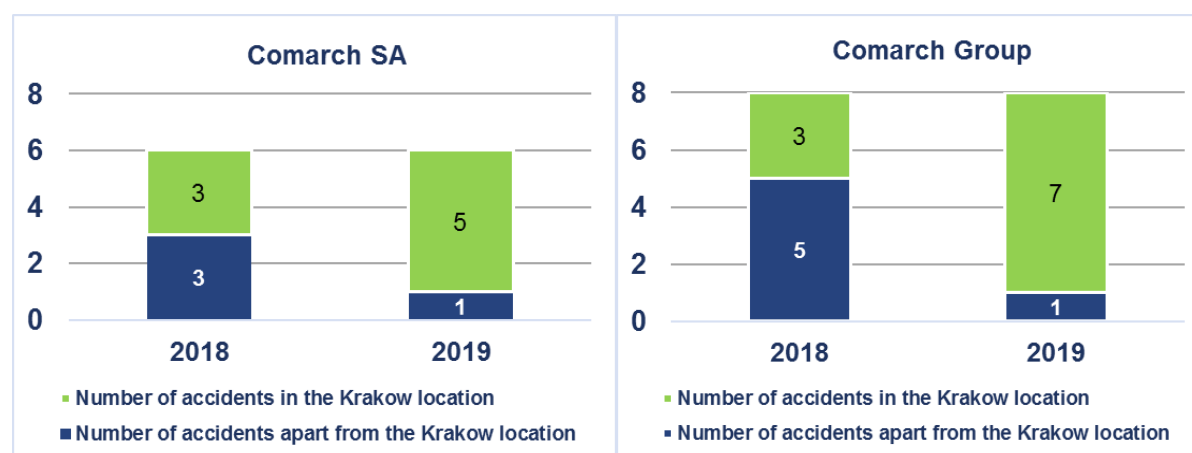
Comarch estimates the accident rate, i.e. the sum of accidents occurring during the year, presented by means of indicators. These indicators make it possible to compare and evaluate a company in terms of accident rates. Two measures are used: the rate and the severity of accidents.

The frequency rate is expressed as the ratio of the number of accidents to the number of employed and covered by the accident premium, while the severity rate is the ratio of the number of days lost due to accident absence to the number of all accidents.

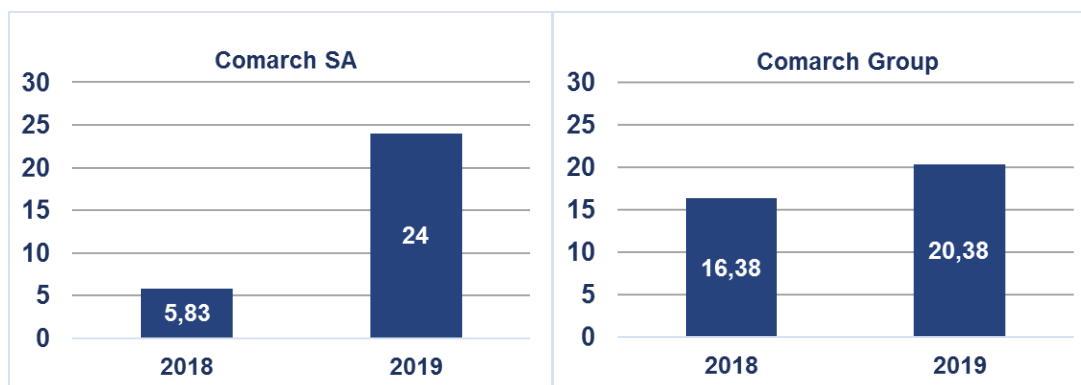
Tab.1. Indicators related to accidents at work:

Year	Number of accidents at the Comarch Capital Group	Number of accidents broken down by gender of the Comarch Capital Group (W,M)	Number of accidents at Comarch S.A.	Number of days of sick leave at the Comarch Capital Group	Number of sick leave at Comarch S.A.	Comarch Capital Group frequency indicator	Comarch S.A. frequency indicator	Severity rate at the Comarch Capital Group	Severity rate at Comarch S.A.
2018	8	W:1, M:7	6	131	35	1.63	1.58	16.38	5.83
2019	8	W:3, M:5	6	163	144	1.53	1.47	20.38	24

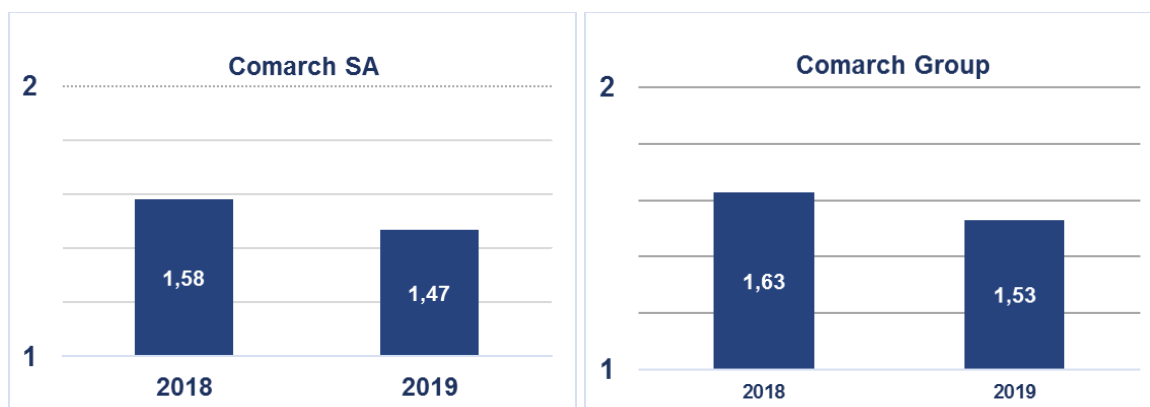
Summary of the number of accidents at work and treated as accidents at work, broken down into accidents in Krakow and other locations in 2018-2019



Severity rate of accidents at work and accidents treated equally to accidents at work in 2018-2019



The rate of accidents at work and accidents treated equally with accidents at work in 2018-2019



In 2019, the number of accidents at Comarch S.A. it remained the same as in the previous year, with an increase in the number of employees subject to accident insurance by 276 people.

In 2019, the number of accidents at the Comarch Group is the same as last year. One accident occurred in Comarch Healthcare SA, with an increase in the number of employees by 27 people. There was one accident in MKS Cracovia SSA with an increase of 11 employees.

The severity rate of accidents at work in 2019 was 24 for Comarch SA (20.38 for the Comarch Capital Group). Comparing with last year, a significant increase in this ratio was recorded (+ 70% for Comarch SA and + 20% for the Comarch Capital Group).

The rate of accident rates at work in 2019 in Comarch SA was 1.47, while for the entire Comarch Capital Group 1.53. Comparing with 2018, the accident frequency ratio decreased compared to 2019 from 1.58 for Comarch SA (1.63 for the Comarch Capital Group) to 1.47 (1.53 for the Comarch Capital Group), i.e. it decreased by approx. 7% (a decrease of approx. 6% for the entire Comarch Capital Group).

S.4.6, S.4.7, S.4.8

Occupational diseases were not found in Comarch S.A. and in the Comarch Capital Group companies. There is also no special exposure to specific occupational diseases.

At Comarch S.A. and companies of the Comarch Capital Group there are no jobs with positions exceeding NDN (maximum allowable intensity) and NDS (maximum allowable concentration). There are also no jobs with an unacceptable level of occupational risk.

At Comarch S.A. and Polish companies of the Comarch Capital Group no trade unions were formed. In Comarch S.A. Employee Representatives have been appointed instead, which operate on the basis of

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

under an employment contract. The choice is made by employees of the Company every 2 years. Employee Representatives take part in the analysis of accidents at work in accordance with applicable legislation. In 2016, the Employer consulted with Employee Representatives about changes in work regulations. The changes proposed by the Employer were unanimously approved by the Employee Representatives. There are no collective labour agreements in the Polish companies of the Comarch Capital Group. In 2019, the Employer consulted with Representatives on the selection of the institution managing Employee Capital Plans (PPK). Representatives took part in meetings with suppliers and presented their recommendations, which were taken into account when choosing the finalists of the tender.

the Act of 7th of April, 2006, on informing and consulting employees. Employee representatives are selected from among all employees employed

There are no trade unions in foreign companies of the Capital Group in the DACH region, while works councils operate. Employees choose a works council for a given location, to which all employees are subject. The choice of works council is not mandatory and employees make the decision. Participation in elections is limited by seniority. Elections take place every few years, this is regulated by the provisions of the Act.

Works councils in the DACH area:

- Comarch Solutions GmbH – Innsbruck, the company is also subject to a tariff agreement,
- Comarch AG – Munich,
- Comarch Software und Beratung AG - all company locations.

Works councils also operate in both French companies, i.e. Comarch SAS and Comarch R&D SARL.

There are no trade unions in Comarch SRL in Italy, while employees are subject to a national collective labour contract, which was created to regulate relations between employees and employers. Collective because it affects all employees in the contract sector and national because it affects 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 the "CCNL del commercio" (trade).

Comarch Sistemas LTDA in Brazil and Comarch Technologies Oy in Finland apply similar sectoral agreements regulating issues such as minimum remuneration and the obligation to provide additional benefits to employees.

In Brazil, the employee union has the form of a structure functioning outside the company. At the end of 2019, two employees belonged to this association.

There are no trade unions in the other foreign companies of the Comarch Group. Many companies have regular meetings with employees, but they are not formalized.

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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 under Polish law, Comarch includes a clause in which it requires the contractor to maintain basic employee rights. Such a record includes, among others the obligation to employ employees in accordance with the provisions of the Labour Code and implementing regulations regarding the employment of employees, payment of salaries due to them and ensuring working conditions required by law. Contractors are also contractually obliged to provide employees with safety, hygiene conditions for work and well-being, and to comply with the provisions on work health and safety. The scale of contracts under a law other than Polish is small, but they also contain provisions containing requirements for the contractor in respect of compliance with local labour codes and OHS regulations.

9. Environmental Protection

Environmental policy and procedures functioning as part of the Integrated Management System oblige Comarch S.A. to take active measures to reduce the negative impact on the natural environment. As part of the implemented Environmental Management System in accordance with the requirements of ISO 14001, Comarch has identified environmental aspects that it monitors, supervises and influences.



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

The Comarch Group complies with local legal provisions regarding environmental protection. Comarch consciously limits the negative impact of its activities on the natural environment, minimizes the consumption of natural resources and limits the production of waste arising from ongoing operations. It also promotes an ecological lifestyle among its employees, running campaigns to encourage active participation in environmental protection. One such action is the greening of the capital of Lesser Poland conducted jointly since 2015 with the City Green Board in Krakow.

Areas of valuable nature are not in the vicinity or the sphere of influence of Comarch. Comarch's operations do not cause significant environmental losses.

Comarch constantly monitors air pollution with a sensor installed on one of its buildings located in the Special Economic Zone in Krakow. The sensor is included in the Airly sensor network which helps to create a national measurement network monitoring smog.

9.1. 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 company's activity is not related to the direct use of natural resources such as ores, minerals, wood. Instead, it uses typical media that is consumed during the day's work. Among the raw materials used, the following were identified: electricity, natural gas, liquid fuels (gasoline and diesel), heat energy and water.

Part of the Comarch Group's operations is also low-volume production of electronic devices from components purchased from external suppliers as well as related research and design works. Production takes place in a modern production hall located in the Special Economic Zone in Krakow.

Other Comarch Group companies also do not directly use primary raw materials.

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

Packaging launched on the market	2019	2018
Comarch S.A.	889 kg	1,023 kg
Comarch Group	2,391 kg	2,746 kg

9.2. Finished Goods

Environmental impact

Electronic devices manufactured by the Comarch Group are powered by electricity, which affects the environment. The amount of energy consumed by products is not possible to accurately estimate, because it depends on many factors, including on the intensity of use, weather conditions, operating mode and the type of accessories attached to the devices. Electronic devices manufactured by the Comarch Group after a period of use become waste, which can also affect the environment.

Description of policies

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

Another way to reduce the impact of manufactured devices on the natural environment is to apply to the products 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. Devices manufactured by the Comarch Group are appropriately marked as devices that must be properly disposed of after use. Pro-ecological activities related to the product, which will become a waste in the future, do not only amount to appropriate marking. Long-term activities and care for the environment have resulted in a number of initiatives related to the design of devices, including:

- developing products for which modernization is possible thanks to the construction enabling corrections,
- developing products that can be reused after a period of operation due to the construction enabling easy dismantling of the device into its component parts and re-use after repair.

Comarch has been cooperating with the Electrical and Electronic Equipment Recovery Organization for many years, transferring electronic waste for further processing and recovery of raw materials.

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

Indicators

The measure of achieving the goal of reducing energy consumption is:

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

In addition, the Comarch Group in the Smart Metering project is developing the Comarch NB-IoT-MBus Gateway device, supporting water, electricity and gas suppliers in monitoring of transmission networks. This allows you to reduce media losses, rapid failure detection, which leads to less consumption of natural resources of the earth.

In addition, the project uses NB-IoT technology, which is very effective in terms of energy consumption, which reduces the amount of used batteries. At the same time, work is underway to optimize energy consumption in both Hardware and Firmware. One of the main goals of the project is to develop a battery-operated device for 10 years.

Also in the currently produced CS004 device, the wireless communication mechanism has been improved, which results in a reduction of energy consumption and thus a smaller number of used batteries.

The goal for the coming years is to create dedicated devices to replace CS004 that will use built-in sensors. This will reduce material consumption as well as reduce energy demand by eliminating intermediate components.

In addition, work is underway to further improve wireless communication to improve battery life.

E.8.2

Revenues from products and related services developed taking into account environmental criteria

	2019	2018
Comarch S.A.	3.8%	6.6%
Comarch Group	3.2%	10.4%

9.3. 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 activity, focusing primarily on the consumption of electricity and gas used in buildings owned by Comarch S.A. and on the consumption of liquid fuels used to propel cars belonging to the Comarch fleet. Additionally, the consumption of water as well as liquid fuels used in power generators is monitored. The Data Centre in Krakow, Warsaw, as well as in Dresden and Lille have a significant share in the consumption of electricity.

In September 2018 at Comarch S.A. the Energy Management System has been implemented and certified in accordance with the international standard ISO 50001. In March 2019, the location of Comarch S.A. in Lodz at ul. Jaracza 78 was also covered by the system. Under this system, a number of actions are taken to improve the company's energy efficiency, mainly in the areas of so-called significant energy consumption (electricity, heat, fleet). These activities include the modernization of buildings and equipment, the use of renewable energy sources, the use of appropriate purchasing policy, fleet modernization policy, as well as conducting awareness campaigns among employees and continuous monitoring of relevant indicators. The listed 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 facilities owned by Comarch (e.g. SSE buildings in Krakow, buildings in Warsaw and Lodz), discharge lamps (fluorescent lamps) are gradually replaced with those created in LED technology, and more modern and energy-saving devices are introduced.



At the beginning of 2018, Comarch S.A. began operating a modern SSE7 office building, located within the Special Economic Zone in Krakow, within the campus belonging to Comarch at prof. Michał Życzkowski Street in Krakow. The building has an underground garage, ground floor, 4 usable floors and a technical floor on the roof of the building. The total number of users in 2019 reached almost 1,400 people. The building was designed with care for ecology and a friendly working environment, which confirms the obtained BREEAM Very Good certificate. The building offers a number of amenities, including contact of all work rooms with direct daylight, the possibility of airing all office rooms through openable windows, a large amount of greenery, access by bicycle paths, as well as internal and external spaces for recreation and rest. In addition, due to concern for the natural environment, photovoltaic cells were installed on the roof of the building, used to partially cover its 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, enabling employees to use ecological electric vehicles. A distinguishing feature are the light shelves designed on the southern and western facades. The light shelves

have a dual function: on the one hand, they shade the window strip from the sun, on the other, they reflect light, illuminating a part of the office space deep in the road.



Every year, environmental programs are prepared defining goals and measures to reduce negative impacts on the environment and raising employees' awareness. The most important goals regarding taking active measures to reduce environmental pollution include the introduction of rules for selective waste collection and taking actions to increase employees' awareness of electronic waste disposal. Intermediate objectives related to reducing negative impact on the environment include those related to improving the energy result, including:

- continuation of lighting modernization in buildings and comprehensive modernization of lighting of Data Centre rooms (replacement with energy-saving LED sources),
- replacement of sub-distributors in order to increase efficiency in the process of recording energy consumption,
- continuation of the fleet modernization process and organization of training in Eco driving for employees.

Consumption of electricity, heat, gas and fuels Comarch S.A.	2019	2018
Consumption of energy ¹⁾	17,594,566 kWh	17,190,300 kWh
Consumption of heat ²⁾	4,248,000 MJ	6,507,000 MJ
Consumption of gas ³⁾	338,812 kg	327,488 kg
Consumption of gasoline ⁴⁾	380,610 kg	349,996 kg
Consumption of diesel fuel ⁴⁾	52,366 kg	62,038 kg
Consumption of LPG ⁴⁾	652 kg	-
Total consumption of energy ⁵⁾	105,937,478 MJ	105,121,676 MJ
Consumption of energy/employee ⁵⁾	21,277 MJ/employee	22,467 MJ/employee

- 1) Electricity consumption is presented for buildings located in Poland owned by Comarch S.A. i.e. buildings in the Special Economic Zone (SSE2, SSE3, SSE4, SSE5, SSE6, SSE7) and two buildings in Warsaw (at Puławska St. and at Leśna St.). The total electricity consumption for these buildings is shown. Electricity consumption in 2019 increased by approx. 2.4% compared to 2018. The increase in energy consumption results from the increase in the number of employees.
- 2) Heat consumption is presented for buildings located in Poland owned by Comarch S.A., i.e. buildings in the Special Economic Zone (SSE5, SSE6, SSE7). The total heat consumption for these buildings is shown. Heat consumption in 2019 fell by 34.7% compared to 2018. The decrease in energy demand in 2019 results from the exclusion from the calculation of the SSE1 building, which is fully rented by external entities.
- 3) Gas consumption is presented for buildings located in Poland owned by Comarch S.A., i.e. buildings in the Special Economic Zone (SSE2, SSE3, SSE4) and buildings in Warsaw (at Puławska St. and at

Leśna St.). The total gas consumption for these buildings is presented. Gas consumption is given in kg, using the following factor for calculations: 1m³ gas = 0.75 kg. Gas consumption in 2019 was about 3.5% higher compared to 2018, which is due to normal consumption and is treated as a typical deviation.

- 4) The consumption of gasoline, diesel and LPG is presented for:
- gasoline: the total gasoline consumption 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 oil used in machines and aggregates used for emergency power supply is presented.
 - LPG: consumption of LPG propane-butane LPG for the car fleet in Poland is presented.

Fuel consumption is given in kg, using the following factors for the calculation: 1 liter of gasoline = 0.755 kg, 1 liter of diesel oil = 0.84 kg, 1 liter of LPG is 0.5 kg. Gasoline consumption in 2019 increased by approx. 8.7% compared to 2018. The increase results directly from the increase in the number of vehicles in the Comarch car fleet and the increase in vehicle use caused by the company's constant expansion. At the same time, the consumption of diesel oil in 2019 compared to 2018 decreased by about 15.6%, and this is due to the gradual withdrawal of diesel vehicles from the fleet and the gradual replacement of them with more environmentally friendly gasoline vehicles and hybrid vehicles.

- 5) For the calculation of the total energy consumption within the organization, the consumption of electricity, heat, gas and fuels (gasoline, diesel and LPG) presented above was taken into account. The following factors were used in the calculations: 1 kg of gas = 14.75 kWh, 1 kg of gasoline = 13.1 kWh, 1 kg of diesel oil = 12.69 kWh, 1 kg of LPG = 6.94 kWh. Total energy consumption has been converted to MJ. Total energy consumption in 2019 was 105,937,478 MJ and increased by approx. 0.8% compared to 2018. The intensity of energy consumption was also calculated taking into account the number of employees in buildings owned by Comarch S.A. According to data as at 31st of December, 2019 at Comarch S.A. 4,979 employees were employed, which represents an increase in employment of 300 people compared to the same period of 2018. Energy consumption per person in 2019 was 21,277 MJ, so it decreased by approx. 5.3% compared to 2018.

Consumption of electricity, heat, gas and fuels in the Comarch Group ⁶⁾	2019	2018
Consumption of energy ⁷⁾	22,309,884 kWh	21,691,281 kWh
Consumption of heat ⁸⁾	7,188,247 MJ	9,162,000 MJ
Consumption of gas ⁹⁾	344,367 kg	333,515 kg
Consumption of gasoline ¹⁰⁾	445,159 kg	423,736 kg
Consumption of diesel oil ¹⁰⁾	120,462 kg	126,376 kg
Consumption of LPG ¹⁰⁾	652 kg	-
Total consumption of energy ¹¹⁾	125,121,820 MJ	121,564,169 MJ
Consumption of energy/employee ¹¹⁾	19,710 MJ/employee	20,127 MJ/employee

- 6) Data presented, including companies of the Comarch Group (domestic and foreign).
- 7) Media consumption was presented for buildings owned by companies of the Comarch Group (domestic and foreign). In 2019, electricity consumption was 2.9% higher than in 2018. This is a result of an increase in the number of employees, as well as an increase in the operation of server rooms in Poland and abroad.
- 8) Heat consumption in 2019 decreased compared to the base year (2018) by 21.5%. Such a decrease is caused by the exclusion from the calculation of the SSE1 building, which is fully rented by external entities.
- 9) In 2019, gas consumption increased by 3.3% compared to 2018, which is due to normal consumption and is treated as a typical deviation.

10) The consumption of gasoline, diesel and LPG is presented for:

- gasoline: total gasoline consumption for Polish and foreign companies is presented,
- diesel oil: total diesel oil consumption for Polish and foreign companies is presented,
- LPG: consumption for Comarch S.A. is presented.

In 2019, there was a slight difference in the combined consumption of gasoline and diesel compared to 2018. For gasoline, consumption increased by 5.1% compared to the base year (2018), while diesel consumption decreased by 4.7%. LPG propane-butane LPG consumption has been presented since 2019, and is generated by Comarch S.A.

11) Total energy consumption in 2019 was 125,121,820 MJ and was 2.9% higher than consumption in 2018. The intensity of energy consumption was also calculated taking into account the number of employees in buildings owned by the Comarch Group. According to data as at 31st of December, 2019, the Comarch Group companies employed 6,348 employees, which is an increase in employment of 308 people compared to the same period of 2018. The increase in employment had an impact on the increase in energy consumption. In 2019, energy consumption per capita decreased by 2.1% compared to the base year (2018).

9.4. Comarch Car Fleet

The Comarch Group is gradually modernizing the car fleet. In 2019, 67 new cars were purchased in Polish companies (59 in Comarch S.A.) meeting stringent EURO6 emission standards, including 3 ecological hybrid vehicles and 1 electric vehicle (all at Comarch SA). 15 vehicles with older emissions standards have been decommissioned.

Emission standards	Cars in Comarch SA	
	2019	2018
EURO 6	73%	66%
EURO 5	26%	32%
EURO 4 and lower	1%	1%

In 2019, 27 new cars were purchased in foreign companies by modernizing the fleet and increasing the number of vehicles with greener power units.

Emission standards	Cars in Comarch Group	
	2019	2018
EURO 6	75%	66%
EURO 5	23%	32%
EURO 4 and lower	2%	2%

9.5. Water

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

Comarch's activities do not involve the use of water for technological purposes. Water supplied entirely by municipal waterworks is used only in hygienic and sanitary rooms for living purposes. Comarch does not collect surface water directly and does not discharge sewage into water and land.

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

Water consumption is constantly monitored in the form of readings from sub-galleries. As part of efforts to minimize consumption, employee awareness is raised and actions are taken to increase the speed and effectiveness of responding to various types of failures.

Water consumption in Comarch S.A.	2019	2018
Water consumption	37,591 m ³	34,328 m ³
Water consumption per 1 employee	7.55 m ³	7.34 m ³

Water consumption in Comarch Group	2019	2018
Water consumption	45,532 m ³	42,534 m ³
Water consumption per 1 employee	7.17 m ³	7.04 m ³

Water consumption is presented for buildings owned by Comarch in Poland, i.e. buildings in the Special Economic Zone (SSE2 - SSE7), two buildings in Warsaw (at Puławska St. and at Leśna St.).

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

The SSE1 building in Krakow, belonging to Comarch, is fully rented by external entities, therefore the consumption of utilities from this building is not included in the statement.

The table above shows the total water consumption for Comarch S.A. own buildings and Comarch Groups. Year by year, the total water consumption increases, which results from the increase in the number of people employed at Comarch. A slight increase in water consumption per employee was recorded.

9.6. 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 data on energy, water and fuel consumption by appropriate emission conversion factors. These conversion factors allow the conversion of these data into carbon dioxide equivalent (CO₂e). CO₂e is a universal unit of measure that allows estimating the impact on global warming resulting from greenhouse gas emissions. Below are estimates of direct (resulting from the organization's activities) and indirect (from all other activities, e.g. electricity, water consumption) carbon dioxide emissions for the base year. In addition, the values from 2018 have been updated taking into account relevant indicators.

Direct greenhouse gas emissions in Comarch S.A.	2019	2018
Emission CO ₂ e	2,738 Mg CO ₂ e	2,254 Mg CO ₂ e
Emission CO ₂ e/person	0.55 Mg CO ₂ e /person	0.48 Mg CO ₂ e /person
Emission CO ₂ e/ income unit*	0.0029 CO ₂ e	0.0023 CO ₂ e

Direct greenhouse gas emissions in the Comarch Group	2019	2018
Emission CO ₂ e	3,152 Mg CO ₂ e	2,702 Mg CO ₂ e
Emission CO ₂ e/person	0.50 Mg CO ₂ e /person	0.45 Mg CO ₂ e /person
Emission CO ₂ e/ income unit*	0.0022 CO ₂ e	0.0020 CO ₂ e

*) PLN 1,000

For the calculation of direct greenhouse gas emissions, data on fuel consumption (gasoline, diesel and LPG) as well as natural gas for buildings owned by Comarch S.A. in Poland were used. Fugitive HFC hydrofluorocarbons emissions from leaks in refrigeration and air conditioning systems have also been taken into account. The calculations used indicators developed by the DEFRA organization - Greenhouse Gas Conversion Factor Repository, KOBIZE, RTE France, ISE Germany for 2019 and 2018. In addition, data from the analysis of the Central Operator's database was used to calculate HFC emissions. Direct Greenhouse Gas Emission for Comarch S.A. in 2019 amounted to 2,738 Mg of CO₂e, which is an increase of approx. 21.5% compared to 2018. This increase results from incidents related to leaks in refrigeration and air-conditioning equipment. These incidents were properly recorded in the "Reports for places of environmental use" in the National Base on Greenhouse Gas Emissions and Other Substances as random emissions. In addition, appropriate fees for using the environment have been paid to the local Marshal Offices. Due to this increase, the level of direct CO₂e emissions per employee increased by 14.6%, and Emission CO₂e per unit of revenue increased by 26.1%.

Total greenhouse gas emissions at Comarch S.A. (direct and indirect combined)	2019	2018
Emission CO ₂ e	14,539 Mg CO ₂ e	15,639 Mg CO ₂ e
Emission CO ₂ e/person	2.92 Mg CO ₂ e/person	3.34 Mg CO ₂ e/person
Total greenhouse gas emissions at Comarch Group (direct and indirect combined)	2019	2018
Emission CO ₂ e	16,501 Mg CO ₂ e	18,298 Mg CO ₂ e
Emission CO ₂ e/person	2.60 Mg CO ₂ e/person	3.03 Mg CO ₂ e/person

To calculate the intensity of greenhouse gas emissions, the organisation's direct and indirect greenhouse gas emissions were added up. In addition, the values from 2018 have been updated taking into account relevant indicators. Total greenhouse gas emissions for Comarch S.A. in 2019 amounted to 14,539 Mg CO₂e, which is a decrease by approx. 7.0% compared to 2018. 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 31st of December, 2019, 4,979 people were employed, which is an increase in employment by 300 people compared to the same period of 2018. Total greenhouse gas emissions per person in 2019 was 2.92 Mg CO₂e, and thus decreased by about 12.6% compared to 2018. This demonstrates the effectiveness of the changes introduced to minimize the company's negative impact on the environment.

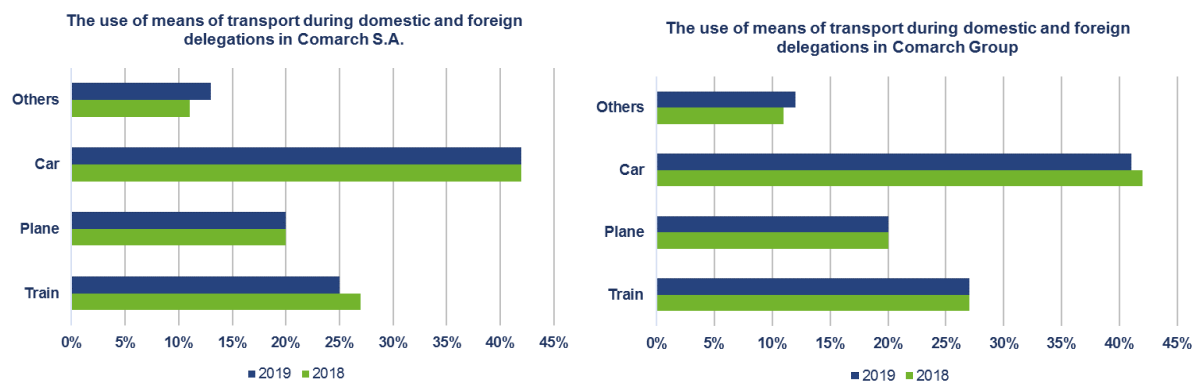
Comarch, taking care of both the environment and the reduction of costs related to transport, shortens the supply chain to the maximum by applying the principle of delivery directly from the distribution point to the end user or business partner, wherever possible, i.e. where no intervention is required to configure, install on the equipment or such interference would still occur at the end user's location.

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

Transports 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, which are medium and large enterprises from around the world, the number of business trips carried out by Comarch employees is counted in thousands.

The number of delegations is steadily increasing due to the fact that the number of clients is growing every year and new branches of the company are opening. Cars and rail transport are the most common means of transport used by Comarch employees (most often during national delegations). Air transport dominates in foreign delegations. Other means of transport included: public transport, bus and taxi.



Reduction of greenhouse gas emissions

Actions related to the reduction of direct greenhouse gas emissions carried out in 2018-2019:

- Systematic maintenance and modernization of installations containing hydrofluorocarbons (HFCs).
- Production of renewable energy in our own photovoltaic installation has allowed to reduce CO₂ emissions by 13.22 Mg.
- Ongoing implementation of energy-saving solutions (replacement of light sources with LED lighting).
- Gradual replacement of combustion vehicles with ones that meet the latest emission standards

A symbolic proof of the Comarch Group's concern for the state of the natural environment was the planting action organized in cooperation with the City Green Management Board in Krakow. Comarch employees and their families planted 1,500 plants on Krakow Planty, and also distributed to residents of Krakow seedlings of, among others, lavender, wingspan and ferns. Similar actions will be organized in the following years.

In the Group's opinion, both the Comarch Group and its suppliers have no direct or significant impact on climate change.



Emissions of ozone-depleting substances (ODS)

In 2019, there were no ODS emissions. ODS emissions are monitored based on the CRO (Central Register of Operators) database. All air-conditioning and fire-fighting devices containing ozone-depleting gases are registered in it. Information on inspections and possible gas additions is entered in the register.

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

Comarch S.A.	2019	2018
Emission of CH ₄	3.49 Mg CH ₄	3.23 Mg CH ₄
Emission of CH ₄ /income unit*	3.66*10 ⁻⁶ Mg CH ₄	3.34*10 ⁻⁶ Mg CH ₄
Emission of N ₂ O	5.28 Mg N ₂ O	5.82 Mg N ₂ O
Emission of N ₂ O/income unit*	5.55*10 ⁻⁶ Mg N ₂ O	4.27*10 ⁻⁶ Mg N ₂ O
Emission of SO _x /SO ₂	0.04 Mg SO _x /SO ₂	0.03 Mg SO _x /SO ₂
Emission of SO _x /SO ₂ /income unit*	3.80*10 ⁻⁸ Mg SO _x /SO ₂	3.62*10 ⁻⁸ Mg SO _x /SO ₂
Emission of NO _x /NO ₂	0.77 Mg NO _x /NO ₂	0.75 Mg NO _x /NO ₂
Emission of NO _x /NO ₂ /income unit*	8.10*10 ⁻⁷ Mg NO _x /NO ₂	7.75*10 ⁻⁷ Mg NO _x /NO ₂
Emission of CO	0.115 Mg CO	0.110 Mg CO
Emission of CO/income unit*	1.21*10 ⁻⁷ Mg CO	1.14*10 ⁻⁷ Mg CO
Emission of suspended particles TSP	0.0015 Mg TSP	0.0017 Mg TSP
Emission of suspended particles TSP/income unit*	1.58*10 ⁻⁹ Mg TSP	1.80*10 ⁻⁹ Mg TSP
Grupa Comarch	2019	2018
Emission of CH ₄	4.10 Mg CH ₄	3.94 Mg CH ₄
Emission of CH ₄ /income unit*	2.85*10 ⁻⁶ Mg CH ₄	2.88*10 ⁻⁶ Mg CH ₄
Emission of N ₂ O	8.60 Mg N ₂ O	9.33 Mg N ₂ O
Emission of N ₂ O/income unit*	5.97*10 ⁻⁶ Mg N ₂ O	6.83*10 ⁻⁶ Mg N ₂ O
Emission of SO _x /SO ₂	0.04 Mg SO _x /SO ₂	0.04 Mg SO _x /SO ₂
Emission of SO _x /SO ₂ /income unit*	2.56*10 ⁻⁸ Mg SO _x /SO ₂	2.61*10 ⁻⁸ Mg SO _x /SO ₂
Emission of NO _x /NO ₂	0.78 Mg NO _x /NO ₂	0.76 Mg NO _x /NO ₂
Emission of NO _x /NO ₂ /income unit*	5.45*10 ⁻⁷ Mg NO _x /NO ₂	5.58*10 ⁻⁷ Mg NO _x /NO ₂
Emission of CO	0.12 Mg CO	0.11 Mg CO

Emission of CO/income unit*	8.15*10 ⁻⁸ Mg CO	8.27*10 ⁻⁸ Mg CO
Emission of suspended particles TSP	0.0015 Mg TSP	0.0017 Mg TSP
Emission of suspended particles TSP/income unit*	1.05*10 ⁻⁹ Mg TSP	1.27*10 ⁻⁹ Mg TSP

* PLN 1,000

Significant air pollutants generated by the organizations taken into account are CH₄ and N₂O arising from the combustion of fuels by the car fleet and low-speed equipment (gasoline, diesel oil and LPG) and SO_x / SO₂, NO_x / NO₂, CO, as well as particulate matter arising from combustion fuels by machines and aggregates for emergency power supply. The calculations used indicators developed by the DEFRA organization - Greenhouse Gas Conversion Factor Repository and by the National Centre for Emission Balancing and Management (NCEBM) for 2019. In addition, the values from 2018 were updated taking into account relevant indicators. The data provided are estimates.

For Comarch S.A. CH₄ emission in 2019 was 4.10 Mg CH₄, which is an increase of approx. 4% compared to 2018. N₂O emissions in 2019 amounted to 8.6 Mg N₂O, which is a decrease of approx. 7.8% compared to 2018. SO_x / SO₂ emissions in 2019 amounted to 0.04 Mg SO_x / SO₂, which is an increase of approx. 33% compared to 2018. NO_x / NO₂ emissions in 2019 amounted to 0.77 Mg NO_x / NO₂, which is an increase of approx. 2.6% compared to 2018. CO emissions in 2019 amounted to 0.115 Mg CO, which is an increase of approx. 4.5% compared to 2018. Particulate matter emissions in 2019 amounted to 0.0015 Mg of particulate matter, which is a decrease of approx. 11% compared to 2018.

For the Comarch Group, CH₄ emissions in 2019 amounted to 3.49 Mg CH₄, which is an increase of approx. 8% compared to 2018. N₂O emissions in 2019 amounted to 5.28 Mg N₂O, which is a decrease of approx. 9.2% compared to 2018. SO_x / SO₂ emissions in 2019 amounted to 0.04 Mg SO_x / SO₂, i.e. the same as in 2018. NO_x / NO₂ emissions in 2019 amounted to 0.78 Mg NO_x / NO₂, which is an increase compared to 2018 of about 2.6%. CO emissions in 2019 amounted to 0.12 Mg CO, which is an increase of approx. 9% compared to 2018. Particulate matter emissions in 2019 amounted to 0.0015 Mg of particulate matter, which is a decrease of approx. 11% compared to 2018.

Local climatic conditions may affect the decrease or increase in size. The decrease in indicators is also influenced by the increase in revenue in the period considered. Emissions of nitrogen oxides, sulphur oxides and other significant emissions to air have been properly recorded in the "Reports for places of use of the environment" and "Reports on the operation of equipment" in the National Base for Greenhouse Gas Emissions and Other Substances. In addition, appropriate fees for using the environment have been paid to the local Marshal Offices.

E.6.5

Comarch S.A. is a producer of municipal (domestic) sewage. Activities of Comarch S.A. and companies of the Comarch Group do not generate industrial sewage.

Comarch S.A. does not transport, process or transfer waste considered hazardous.

Comarch does not generate sewage discharged directly into water reservoirs, thus Comarch's activities in no way negatively affect protected areas and habitats.

Products manufactured by Comarch do not have a significant negative impact on the natural environment during use. The degree of environmental impact of electronic products being introduced at the end of their life cycle mainly depends on customer behaviour in this regard. 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

The Comarch Group companies do not collect, recover and recycle used electrical and electronic equipment, batteries, accumulators and packaging on their own.

In 2018 and 2019, the obligation to collect, recover and recycle waste electrical and electronic equipment for Comarch S.A., Comarch Healthcare S.A., Comarch Polska S.A., Comarch Technologies Sp. z o.o. and CA Consulting S.A. was implemented by Biosystem Elektrorecykling S.A.

In the same years 2018 and 2019, Biosystem Organizacja Odzysku Opakowań S.A. (Organization for recovery of packages) fulfilled the obligation to collect, recover and recycle batteries and accumulators for the companies Comarch Healthcare S.A., Comarch S.A. and Comarch Technologies Sp. z o.o. and the obligation to collect, recover and recycle packaging for Comarch S.A.

Companies that did not have relevant agreements with recovery organizations in the scope of fulfilling the obligations arising from the introduction of batteries and accumulators and packaging did not achieve the required levels of collection, recovery and recycling, and therefore had to pay a product fee.

Investments related to environmental protection

The largest investment of the Comarch Group having 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. Solar panels with a total power of 64 kW have been installed on the roof of the building. Photovoltaic cells, which are made of photovoltaic panels, convert solar energy into electricity. This will allow for partial coverage of own electricity demand and possible resale of excess energy produced to the power grid without additional CO₂ emissions to the atmosphere. The designers of the installation assume that it will bring savings in terms of electricity consumption ensuring an approximate 10-year payback period. In 2018, the solar energy yield was approx. 69.3 MWh, while in 2019 it was 19.7 MWh. The decrease in yield in 2019 is due to the plant failure and its temporary shutdown, which took place from April to July 2019.

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

- light shelves on the eastern and western façades that have a dual function: on the one hand, they shade the window belt from the sun, on the other, they reflect light, illuminating a part of the office space deep in the road,
- Building Management System (BMS) with automation: a system that integrates ventilation, air conditioning, heating, lighting, access control, power supply (UPS), intrusion and assault signalling, allowing for efficient and optimal building management and media consumption,
- modern, integrated HVAC installations.

In addition, air-conditioning devices are modernized on an ongoing basis to make them more environmentally friendly, fluorescent lamps are gradually replaced with light sources created in LED technology and more modern and energy-saving devices (EnergyStar) are installed.

Additional expenses for environmental protection were associated with the costs of ensuring the obligations to collect, recover and recycle introduced electronic equipment, packaging, batteries and waste management. The table below presents the list.

Expenses for environmental protection in the field of waste utilization, recycling and recovery of introduced products	2019	2018
Comarch S.A.	PLN 3,113	PLN 1,759
Other companies of the Comarch Capital Group	PLN 24,827	PLN 12 907

9.7. 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 resulting from the modernization of IT equipment. 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 2019 (locations in Poland)	The amount of waste generated and transferred in 2018 (locations in Poland)
Packaging containing residues of or contaminated by hazardous substances	15 01 10*	0.026 Mg	-- Mg
Discarded devices containing Freons, HCFCs, HFCs	16 02 11*	0.015 Mg	-- Mg
Worn out devices containing dangerous elements other than	16 02 13*	0.795 Mg	0,217 Mg

those mentioned in 16
02 09 to 16 02 12

**Waste equipment
other than those
mentioned in 16 02
09 to 16 02 13 -
electronic scrap**

Items removed from
used devices, other
than those mentioned
in 16 02 15 - printing
toners from office
equipment

Other batteries and
accumulators

**Mixed construction,
renovation and
disassembly wastes
other than those
mentioned in 17 09
01, 17 09 02 and 17
09 03**

**Medical waste
(Comarch
Healthcare S.A.)**

**Drugs other than
those mentioned in
18 01 08 (Comarch
Healthcare S.A.)**

Large-size waste

16 02 14

16 02 16

16 06 05

17 09 04

18 01 03*

18 01 09

20 03 07

11.313 Mg

-- Mg

-- Mg

-- Mg

3.861 Mg

0.016 Mg

-- Mg

16,427 Mg

0,185 Mg

0,020 Mg

-- Mg

3,063 Mg

0,010 Mg

-- Mg

***hazardous waste*

Level of compliance with regulations

Comarch has implemented a procedure for identifying and accessing legal requirements. At least once a year, compliance assessment with 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 at Comarch S.A. and Comarch Group companies were not subject to significant financial penalties or non-financial sanctions for non-compliance with environmental protection regulations.

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

E.7.1., E.7.2.

During the reporting period, there were no significant types of environmental pollution emitted by operating activities, as well as no environmental failures and possible contamination.

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

As part of cooperation with external entities, actions dedicated to employees were undertaken, under which employees could give away used electrical and electronic equipment, as well as bulky equipment. By the way, waste paper collection was carried out. At present waste containers have been placed in Comarch facilities. Employees can return used electrical and electronic equipment on a regular basis; in addition, they can recycle used batteries and fluorescent lamps.

Since November 2014, Comarch is a member of the Polish Chamber of Commerce for Environmental Protection, which associates entrepreneurs who are waste recovery organizations and entrepreneurs that market packaging, packaging products, as well as electrical and electronic equipment.

10. 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.
	Direct and indirect impact: raw materials and materials	High/ medium /low	E.1.1., E.1.2.
Environmental	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.

Social and employee	Direct and indirect impact: waste and sewage	High/ <u>medium</u> /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/ <u>medium</u> /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/ <u>medium</u> /low	E.8.1., E.8.2., E.8.3.
	Use of public aid and public orders	High/medium/ <u>low</u>	S.1.1., S.1.2.
	Employment level and remuneration level	High/ <u>medium</u> /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/ <u>medium</u> /low	S.3.1., S.3.2., S.3.3., S.3.4., S.3.5., S.3.6.
	Occupational Health and Safety	<u>High</u> /medium/low	S.4.1., S.4.2., S.4.3., S.4.4., S.4.5., S.4.6., S.4.7., S.4.8., S.4.9., S.4.10., S.4.11., S.4.12.
	Development and education	High/ <u>medium</u> /low	S.5.1., S.5.2.
	Diversity management	High/ <u>medium</u> /low	S.6.1., S.6.2., S.6.3., S.6.4.
	Human rights	<u>High</u> /medium/low	S.7.1., S.7.2., S.7.3., S.7.4., S.7.5., S.7.6.
	Child labour and forced labour	High/ <u>medium</u> /low	S.8.1., S.8.2., S.8.3., S.8.4.

Local communities and social involvement	High/ <u>medium</u> /low	S.9.1., S.9.2., S.9.3., S.9.4., S.9.5., S.9.6.
Counteracting corruption	High/ <u>medium</u> /low	S.10.1., S.10.2., S.10.3.
Safety of products and consumers	High/ <u>medium</u> /low	S.11.1., S.11.2., S.11.3.
Child Labour	High/medium/ <u>low</u>	S.12.1., S.12.2., S.12.3.
Privacy protection	<u>High</u> /medium/low	S.13.1., S.13.2., S.13.3.
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