



# Responsible Business in Inter Cars

## Group



17 April 2018

## Report on non-financial information of Inter Cars S.A. and Inter Cars S.A. Capital Group

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# Letter from the President

Dear Madams and Sirs,

I have the pleasure of providing you with the first Corporate Responsibility report for Inter Cars Group, presenting our approach and performance related to managing the economic, social and environmental impact.

In 2017, our revenues increased by 15.7% 2016, while the profit was 5.9% lower and at PLN 216,428 thousand. Inter Cars distribution network enlarged, opening 62 new branches, so it now comprises as much as 507 sales outlets in 16 European countries at the end of the previous year. Our revenues reached a record level of PLN 6.908 billion, making us a leader of the independent vehicle parts' distribution market in Poland and second in Europe.

We are also proud to inform you that Inter Cars has been accepted for the Stock Exchange Respect Index which emphasizes our activity within responsible business. The Respect Index, an initiative of the Warsaw Stock Exchange, is the first index of socially responsible listed companies in Eastern and Central Europe. The investment appeal of the Respect Index companies derives from the reporting standards they adopted the investor relations' level, corporate governance, information governance, as well as the impact of factors on the natural environment, society and economy.

In 2017, our results were affected by a number of factors, including the implementation of strategies adapted to particular sale segments, further international expansion and extended product offer. We also moved the company's main warehouse from Czosnów to a cutting-edge logistic centre in Zakroczym. In late 2017, significant optimisation of logistic costs related thereto were noticeable. We also have ambitious objectives for an increased share of the market, with simultaneous stable profitability growth. This is why we keep optimising our logistic operations, analysing the product management method and implementing marketing changes. 2018 will be a year of important changes and process optimisation. We will also implement new IT tools.

Our leading position is built by determining changes of direction in the sector and presenting a pro-active attitude towards a responsible business in the automotive sector. To achieve the assumed growth, we must not only reinforce strong areas, but also observe the market environment, introduce necessary innovations and satisfy the requirements we face as a socially responsible organization.

Our customers are ensured access to the highest quality products and services and the entrepreneurs cooperating with us can benefit from comprehensive support of their business development. Many challenges result from the new technology development. Vehicle repair and part replacement become an increasingly complex processes, requiring ever broader competences both from the mechanics and sellers. Consumer behaviour changes, as they become more and more attached to the availability of any services online and

they increasingly look for on-demand solutions. Therefore, we have developed the Motointegrator platform, striving to be able to offer our services in the most integrated way possible soon. We also decided to invest in the development of the Rent a car (RAC) service, where the service companies associated in Inter Cars network will be able to offer courtesy cars to their customers, and later the car rental. In two countries (Greece, Bulgaria), we have already implemented a new catalogue for B2B customers and we will launch it in other countries soon. Simultaneously, to keep up with the changing technology, we have created a unit for vehicles powered in an alternative way (hybrid, electric etc.).

We strive to ensure our business activity complies with the highest standards of environmental protection. Thanks to the BIO SERVICE services, we promote the appropriate attitudes by encouraging our partners to clean the waste management area in their garages. Our offer will also soon include accessories for electrical vehicles, and chargers for such cars will be located at our main offices and warehouses.

Those assumptions would not be possible to achieve if it were not for a strong, competent team of committed employees. We create a friendly environment for sharing knowledge and implementing innovative business solutions, with the help of our personnel and third-party stakeholders. We do not underestimate the challenges posed to our sellers by the changing automotive market.

As the new Management Board President, I wish to ensure that our every business partner and employee feels able to influence Inter Cars operations. Simultaneously, we will continue focusing on optimising key processes in the company and maintaining the spirit of competition, whilst maintaining respect for fair play. Inter Cars will continue setting the trends and standards in the automotive sector. In 2017, we adopted the Responsible Business Strategy of Inter Cars S.A. Capital Group. This report, opens a new chapter in our activity and presenting the approach and results connected with our economic, social and environmental impact. I believe our previous achievements in this field and the ability to cooperate efficiently will provide a sound basis for attaining the assumed objectives.

I warmly invite you to read the report and share your feedback on it. Every comment will provide important guidance for us.



**Maciej Oleksowicz**

Management Board President of Inter Cars

# Who we are

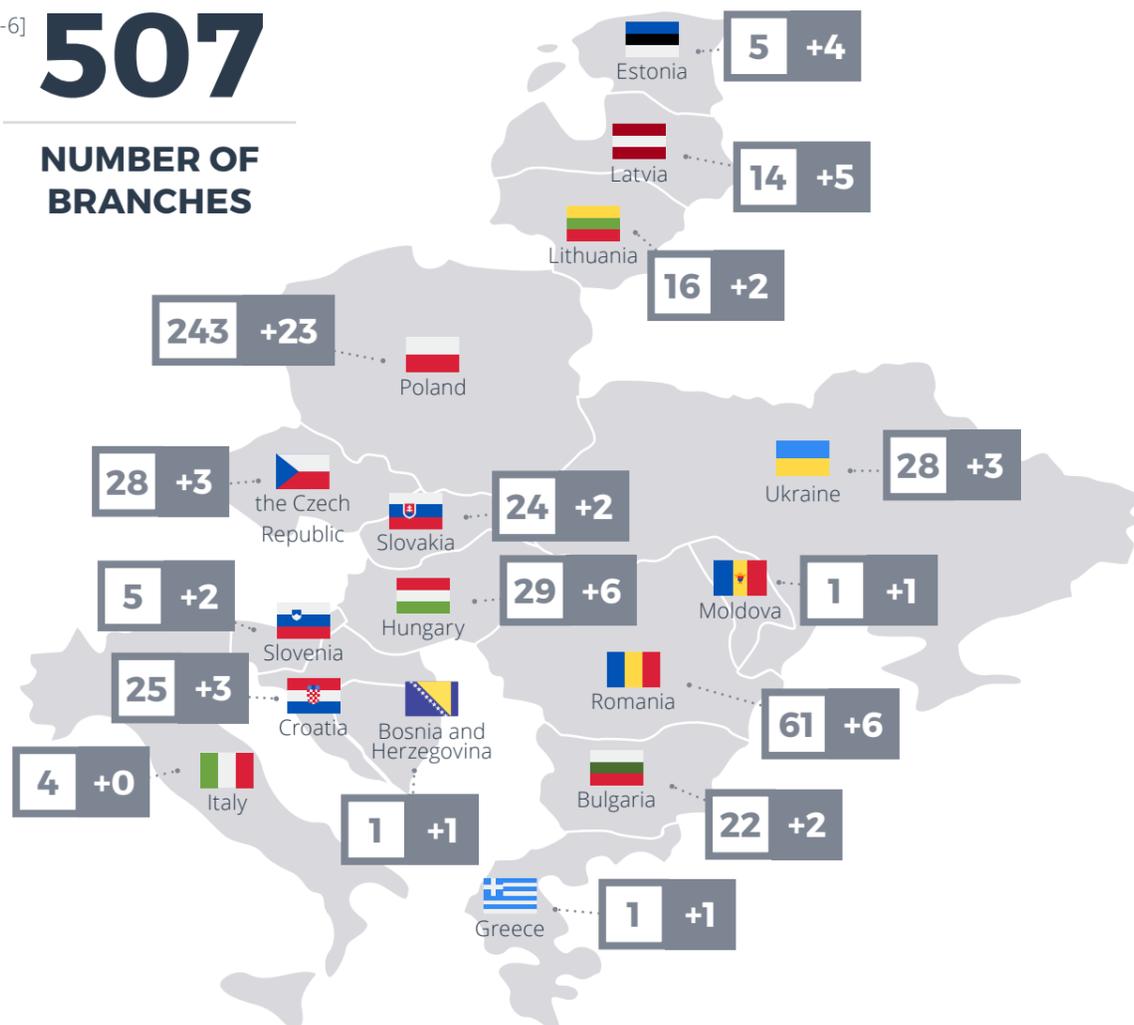
## How does Inter Cars Group operate?

Inter Cars is the second largest distributor of automotive parts in Europe, and the third largest distributor of parts for commercial vehicles. The Company is eighth worldwide in its sector. The Company sells its products and services via 507 local distribution outlets.

Our customers include primarily garages, but also shops and individual customers. The products we sell come from approx. 1,600 suppliers from all over the world, and through the network of Inter Cars Group customers more than 500 thousand recipients on almost all European markets. At present, Inter

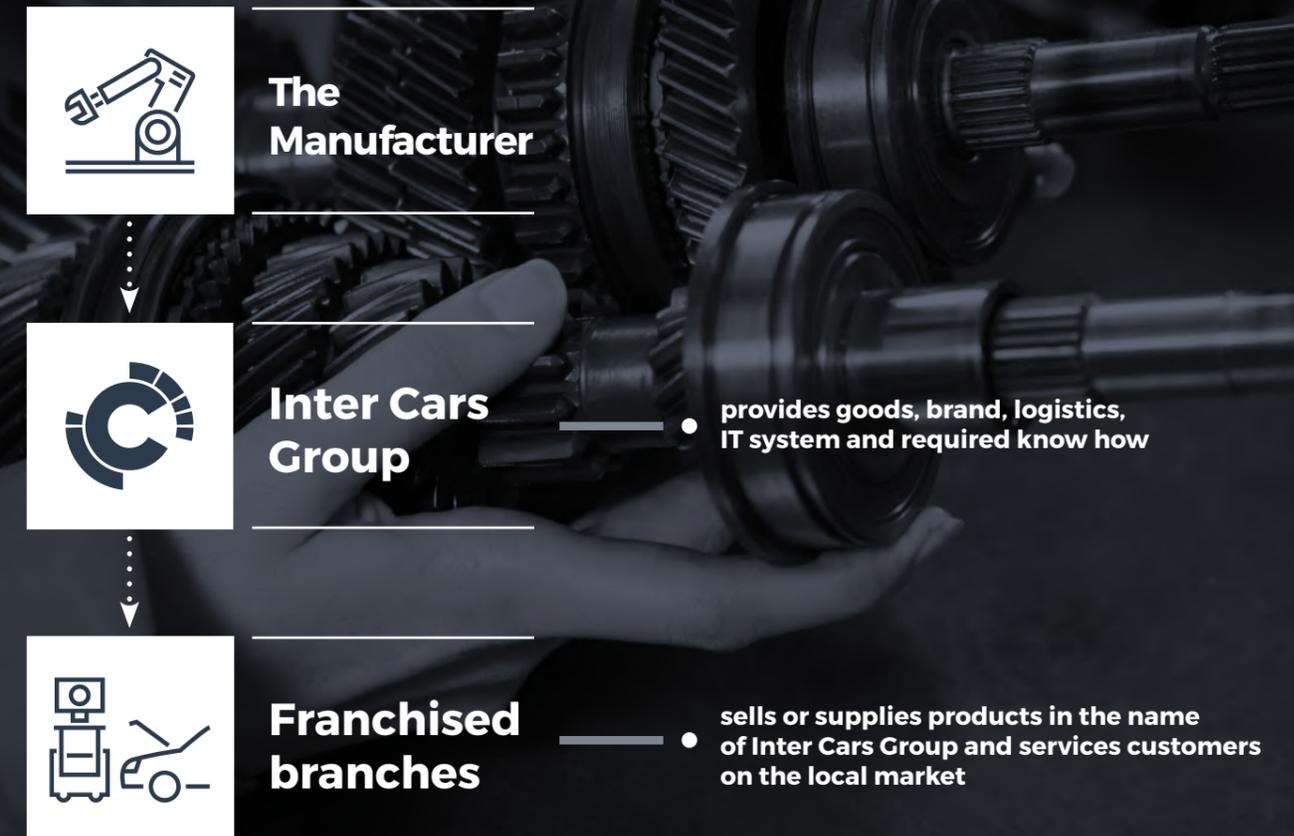
Cars distribution network operates in 16 geographic markets in Europe. The offer of products we distribute comprises of parts for passenger and commercial vehicles, motorcycles, as well as vehicle equipment, tyres, oils and accessories.

[102-6] **507**  
NUMBER OF BRANCHES



## How do we operate?

We build a distribution network based on franchise agreements with entrepreneurs (franchisees):



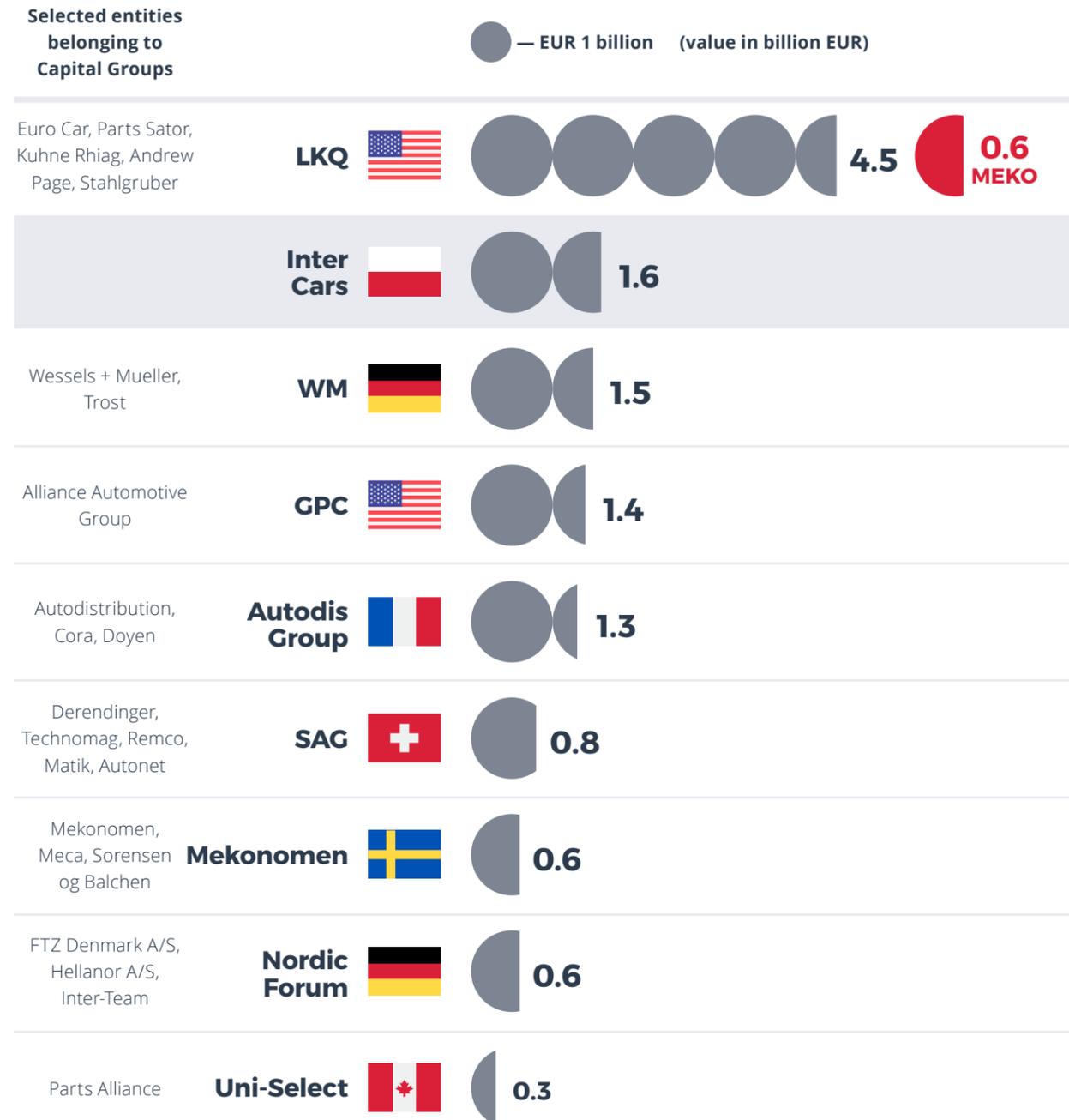
**Inter Cars S.A.** [102-1] is a key entity for the Group. By means of it, we carry out our core business activities, i.e. spare part sale. [102-4] By our subsidiaries, we are present not only in Poland, but also on 15 European markets (the Czech Republic, Slovakia, Lithuania, Latvia, Estonia, Ukraine, Romania, Croatia, Hungary, Bulgaria, Slovenia, Italy, Moldova, Greece, Bosnia and Herzegovina). Inter Cars S.A., with its registered office in Warsaw [102-3] [102-5] is a public company listed at the Stock Exchange since May 2004.

Within Inter Cars Group, the following manufacturing companies operate: **Feber Sp. z o.o.** (manufacture of trailers and semi-trailers) and **Lauber Sp. z o.o.** (vehicle parts regeneration), and also ILS Sp. z o.o., a company responsible for logistics and an operator of the European Logistic Centre in Zakroczym of key importance for the Group operations. Other important entities in Inter Cars Group include **Q-Service Truck z o.o.** running a specialised garage and being an authorized distributor of Isuzu and **Inter Cars Marketing Services Sp. z o.o.** responsible for marketing activities.

# European market is highly fragmented

Sale of 9 largest companies = EUR 12.6 billion, this is 8.5% share in AM\* market.

Inter Cars is the largest European public IAM\*\* company



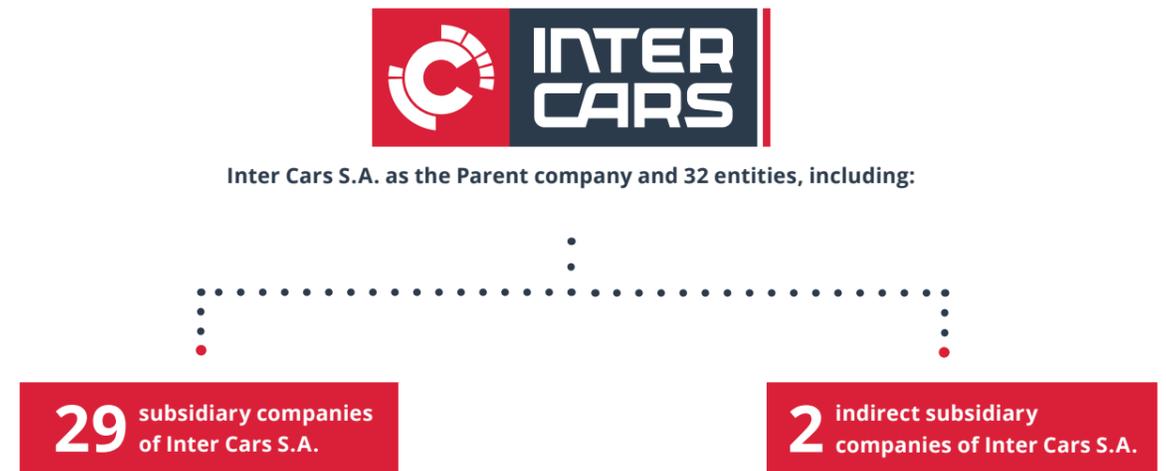
Source: public information, websites, own estimates, approximate sums; Please note: the data is in billion EUR, sales data, closing forecast 2017.  
 \*AM – After Market = EUR 150 billion; this sum includes service and collision parts, tyres, oils, garage equipment  
 \*\*IAM – Independent After Market ≈ 65% AM

## Our business model



**[102-45] The diagram presenting the Group structure (subsidiaries and affiliates of Inter Cars included in the consolidated financial statements as at 31 December 2017)**

On 31 December 2017, the following belonged to Inter Cars Capital Group:



Moreover, the Group holds shares in one affiliated entity.

Company name	Seat	Core activities	Consolidation method	Percentage share of the Group in the share capital	
				31.12.2017	31.12.2016
<b>Parent company</b>					
Inter Cars S.A.	Warsaw	Import and distribution of spare parts for passenger and commercial vehicles	Complete	Not applicable	Not applicable
<b>Direct subsidiaries</b>					
Inter Cars Ukraine	Ukraine, Chmielnicki	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Lauber Sp. z o.o.	Słupsk	Vehicle part regeneration	Complete	100%	100%

Company name	Seat	Core activities	Consolidation method	Percentage share of the Group in the share capital	
				31.12.2017	31.12.2016
Q-service Sp. z o.o.	Cząstków Mazowiecki	Consulting and organization of trainings and seminars in the scope of automotive services and automotive market	Complete	100%	100%
Inter Cars Česká republika s.r.o.	The Czech Republic, Prague	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Feber Sp. z o.o.	Sieradz	The manufacture of vehicles, trailers and semi-trailers	Complete	100%	100%
IC Development & Finance Sp. z o.o.	Warsaw	Developer services and real property rental	Complete	100%	100%
Armatus sp. z o.o.	Warsaw	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Slovenská republika s.r.o.	Slovakia, Bratislava	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Lietuva UAB	Lithuania, Vilnius	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
JC Auto s.r.o.	The Czech Republic, Karvina-Darkow	The company has not started its operating activity	Complete	100%	100%
JC Auto S.A.	Belgium, Braine-l'Alleud	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Hungária Kft	Hungary, Budapest	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Italia s.r.l. (former JC Auto s.r.l.)	Italy, Milan	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars d.o.o.	Croatia, Zagreb	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Romania s.r.l.	Romania, Cluj-Napoca	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Cyprus Limited	Cyprus, Nicosia	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Latvija SIA	Latvia, Riga	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Cleverlog-Autoteile GmbH	Germany, Berlin	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%

Company name	Seat	Core activities	Consolidation method	Percentage share of the Group in the share capital	
				31.12.2017	31.12.2016
Inter Cars Bulgaria Ltd.	Bulgaria, Sofia	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw	Advertising, analysis of market and public opinion	Complete	100%	100%
ILS Sp. z o.o.	Nadarzyn	Logistic services	Complete	100%	100%
Inter Cars Malta Holding Limited	Malta	Management of assets held	Complete	100%	100%
Q-service Truck Sp. z o.o.	Warsaw	Sale of delivery vehicles and for lorries	Complete	100%	100%
Inter Cars INT d.o.o.	Slovenia, Ljubljana	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Eesti OÜ	Estonia, Tallinn	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars Piese Auto s.r.l.	Moldova, Kiszyniów	Import and distribution of spare parts for passenger and commercial vehicles	Complete	100%	100%
Inter Cars GREECE Ltd.*	Greece, Athens	Import and distribution of spare parts for passenger and commercial vehicles	Not applicable	100%	-
Inter Cars d.o.o.**	Bosnia and Herzegovina, Sarajevo	Import and distribution of spare parts for passenger and commercial vehicles	Not applicable	100%	-
Inter Cars United Kingdom – automotive technology Ltd***	Great Britain, London	Import and distribution of spare parts for passenger and commercial vehicles	Not applicable	100%	-

#### Indirect subsidiaries

Inter Cars Malta Limited	Malta	Sale of spare parts and consulting services related to automotive services and automotive market	Complete	100%	100%
Aurelia Auto d.o.o.	Croatia	Distribution of spare parts and real property hire	Complete	100%	100%

#### Affiliated companies

SMiOC FRENOPLAST Bułhak i Cieślowski S.A.	Szczytno	Manufacture of materials and brake linings	****	****	49%
InterMeko Europa Sp. z o.o.	Warsaw	Inspection and assessment services of components, spare parts and accessories	Of Ownership Titles	50%	50%

\* The company started its operating activity in 3Q 2017

\*\* The company started its operating activity in 2Q 2017

\*\*\* The company has not started its operating activity

\*\*\*\* On 6 February 2017, the Company sold shares in the affiliated company SMiOC FRENOPLAST Bułhak i Cieślowski S.A.

## Management Board

[102-18] Management Board structure and members



**Maciej  
Oleksowicz**

**MANAGEMENT  
BOARD PRESIDENT**  
from 1.05.2017  
former Management  
Board Member



**Robert  
Kierzek**

**MANAGEMENT BOARD  
DEPUTY PRESIDENT**  
from 1.05.2017  
former Management Board  
President



**Krzysztof  
Soszyński**

**MANAGEMENT BOARD  
DEPUTY PRESIDENT**



**Krzysztof  
Oleksowicz**

**MANAGEMENT  
BOARD MEMBER  
AND CO-FOUNDER**



**Tomáš  
Kaštil**

**MANAGEMENT  
BOARD MEMBER**



**Piotr  
Zamora**

**MANAGEMENT  
BOARD MEMBER**



**Wojciech  
Twaróg**

**MANAGEMENT  
BOARD MEMBER**

## Supervisory Board

Supervisory Board structure and members

**Andrzej Oliszewski**

**SUPERVISORY  
BOARD  
CHAIRPERSON**

**Tomasz Rusak**

**SUPERVISORY  
BOARD  
MEMBER**

**Piotr Płoszajski**

**INDEPENDENT  
SUPERVISORY  
BOARD  
MEMBER**

**Michał Marczak**

**SUPERVISORY  
BOARD  
MEMBER**

**Jacek Klimczak**

**INDEPENDENT  
SUPERVISORY  
BOARD  
MEMBER**

## Audit Committee

The Audit Committee created in September 2017 operates at the Supervisory Board and was appointed to supervise the financial reporting process, internal control system efficiency, internal audit and risk management, and to monitor financial audits.

The Audit Committee comprises the following Members of Inter Cars S.A. Supervisory Board:

**Piotr Płoszajski**

**COMMITTEE  
CHAIRPERSON**

**Jacek Klimczak**

**COMMITTEE  
MEMBER**

**Andrzej Oliszewski**

**COMMITTEE  
MEMBER**

The detailed rights, tasks and rules of the Audit Committee operations are determined by the Rules of the Audit Committee of Inter Cars S.A. Supervisory Board, approved by the Supervisory Board.

# Inter Cars Group – a leader in the sector of distribution to independent customers

[102-2] Our offer comprises more than a million spare part types. Those are primarily products supplied by reputed and renowned suppliers, used in the so-called first installation, during vehicle manufacture. We also sell substitutes from less known manufacturers. The major goal of our activity is to offer the highest quality products. We understand, however, the needs of our customers who own older cars and are not able to spend more on them. Such an alternative is offered by private brands subject to equally restrictive quality tests in Inter Meko laboratory.

The wide range of products offered and the availability of spare parts in different price groups are factors distinguishing us from other vehicle parts' suppliers. However, our leading market position results primarily from the end customer type. We operate by means of various distribution channels. Our products are supplied to garages, garage and sale facilities, shops, as well as fleets and retail customers. On the Polish market, 66% of our turnover is generated by the distribution of parts to garages and the garage-and-sale facilities. The offer of Inter Cars Group includes also regenerated parts.

## 27 years of development

- **1990**  
foundation of Inter Cars civil law partnership, opening of the first facility in Warsaw
- **2000**  
start of expansion to other towns and cities
- **2004**  
debut on the Warsaw Stock Exchange
- **2006**  
the first billion PLN of revenues
- **2012**  
launch of a Motointegrator Internet platform
- **2015**  
25th anniversary of the company
- **2017**  
PLN 6.9 billion of revenues, with 39% on international markets

## [102-7] Inter Cars Group now

**507 branches**  
Across Europe, including 264 abroad

**No. 1 on the market**  
of Eastern and Central Europe, no. 2 on the European market, no. 8 in the world

**PLN 6.9 billion**  
Net turnover

**More than 1 million**  
Number of the offered products and services

**PLN 4.4 billion**  
Market value of the shareholders' equity (as per the share price as at 29.12.2017)

### Cost structure

- Distribution, logistics, marketing, people

### Revenue streams

- Sales of automotive products from suppliers, training services, comprehensive company services (fleet)



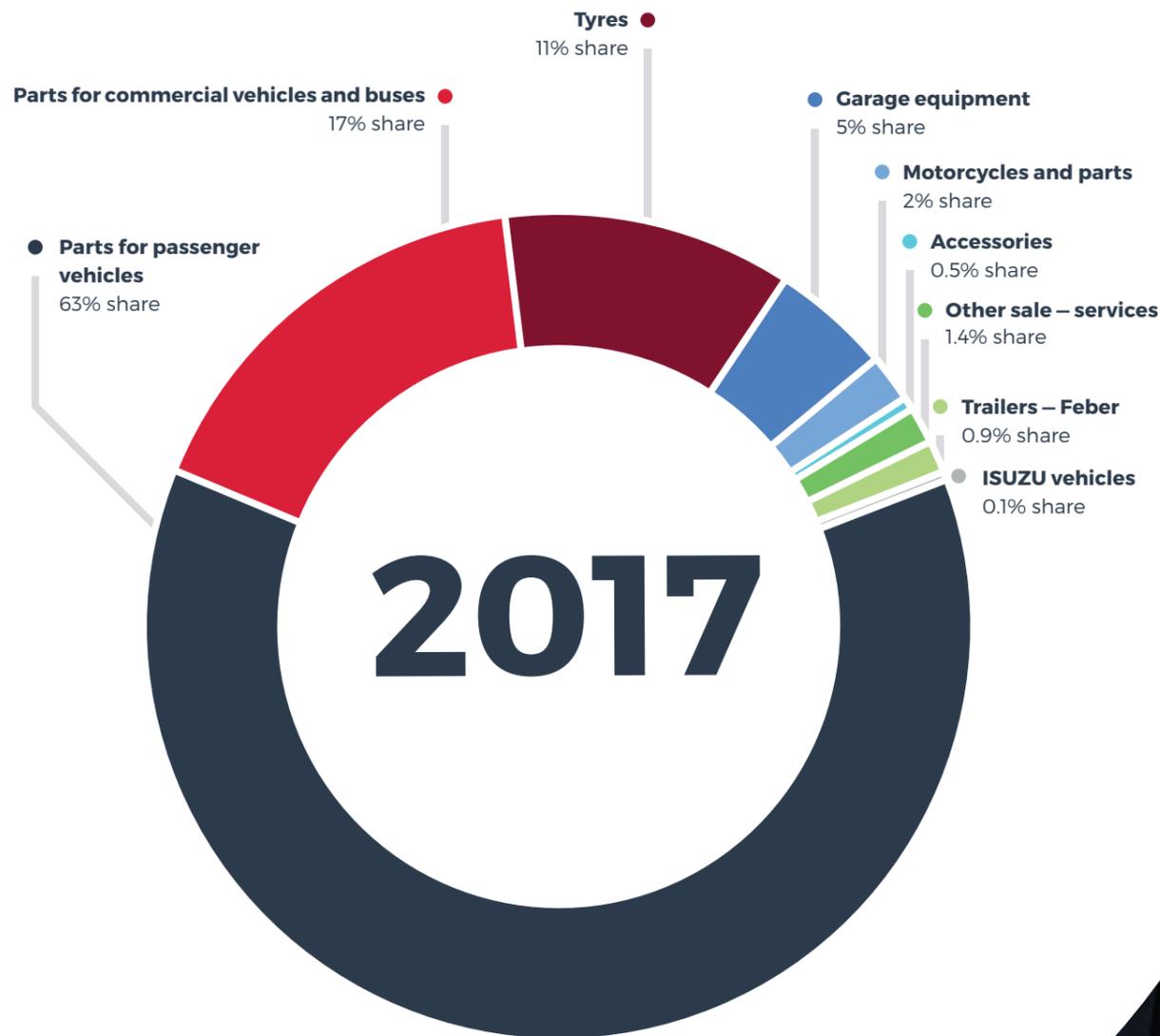
The independent distribution in Poland is approx. **50–60% of the whole market in Poland. 92% of the Polish garages are independent.**

This results primarily from the social wealth level, meaning the people select an independent garage as a cheaper place to repair vehicles due to the price sensitivity. As can be seen above, the garages associated with a vehicle manufacturer, despite a limited number of repair stations, record much higher turnover.

## Share of particular product types in Inter Cars Group sale

Despite a continuous geographical expansion, Poland has remained the key market for Inter Cars Group. The main sector is the passenger vehicle parts market, amounting to 63% of the sale volume, the second largest is the parts

for commercial vehicles and buses, amounting to 17%, and third is the tyre market, amounting to 11%. They will be presented in a diagram.



## Our strategy

Inter Cars strategy for 2018–2020 rests on three pillars:

1

Inter Cars Group development facilitates business growth of internal and external customers

2

Inter Cars Group is a comprehensive supplier of products and services for business and retail customers

3

Company profitability retained at every management level which guarantees further dynamic growth in particular sale sectors

The strategy is carried out by all companies in the Group

## Everything under one roof

The essence of our strategy is continuous strive to the *one-stop-shop* model, or "everything under one roof". This refers not only to continuous offer extension, but also to the development of partner programmes being important added value for the key customer. Besides selling vehicle parts and equipment components, we pro-

vide the garages with any required tools and equipment. Within our after-sales activities, we organise training and offer comprehensive support, helping garages to operate correctly. By Motointegrator and Motointegrator Flota projects, we also forward drivers to our sales partners.

Wishing to offer services in the most integrated manner possible, we invest in the development of Rent A Car service to enable garages associated in Inter Cars Group to offer courtesy cars to their customers, and later also car hire.

## [102-11] Risk management

The stable organization growth results from a number of external and internal factors. In every sector of our activity, we try to identify both chances and threats on an ongoing basis, the materialisation of which is likely to affect continuity of Inter Cars Group operations to a significant degree and the ability to implement the assumed strategic objectives.

### Our financial results are determined by external factors, including:

#### Regulatory

- **Changes in EU regulations concerning the automotive market**  
pose an important challenge for us and open up opportunities to access a target group of sole customers of vehicle manufacturers in terms of spare parts supply, and also by making technical information of vehicle manufacturers available to independent garages, on an equal basis with the authorised garages
- **Other regulatory aspects**  
are likely to affect the Group's operations, concerning aspects such as personal information protection, taxes, business ethics, competition protection or capital market regulations

#### Macroeconomic

- **Macroeconomic situation**  
determines the current and future purchasing power of prospective customers in terms of buying vehicles and incurring the costs of their operation and repairs, based on their business activity level and consequently the level of employment and people's income
- **Macroeconomic situation in the countries where the Group operates**  
influence the spare parts market value and, consequently, the value of Group sales in those countries

#### Market

- **Loyalty of customers**  
translating into the number and value of orders
- **Development of independent garages**  
they are the primary group of our customers facing an important challenge concerning the necessity to adapt to the growing market requirements due to the degree of repair complexity
- **Changes in the structure of demand for spare parts**  
resulting from changes in vehicle manufacture technology
- **Sales volume**  
of vehicles and pre-owned vehicle import

#### Internal

- Apart from external factors, we keep observing the level of risk resulting from intra-organizational factors, including
- **Business risk on the strategic level**
  - **Operating risk**
  - **Financial risk**
  - **Business continuity risk**
  - **Risks related to:**  
social, employee, natural environment protection, human rights and anti-corruption aspects (referred to as ESG risks)

ESG risks are connected with the environment expectations vis-a-vis our organization and can be expressed e.g. by social pressure, legal requirements or expectations towards the sector we operate in.

## Why do we also consider ESG risks in risk management and which of them are important for us?

[103-2] Non-financial dimension of risk management is highly important as it refers to economic and social factors, as well as those related to the natural environment, considered within the entire value chain.

### Here we present selected ESG risks of key importance for Inter Cars Group and sample mitigating measures:



Area:  
**natural environment protection**

We understand that every business activity affects the natural environment which is why one of our areas of interest is limiting the potential adverse environmental impact in every value chain component while ensuring that we promote the environmentally-related awareness of our customers and business partners. By implementing programmes like BIO SERVICE, monitoring changing regulatory requirements in that area or, eventually improving aspects such as the energy performance of our buildings. We strive to minimise risk occurrence in the given areas.



Area:  
**workplace and employees**

Observing the labour market and also considering our business objectives, an important risk likely to affect Inter Cars Group activity will be the availability of appropriate personnel and, consequently, recruitment opportunities. This also refers to our business partners and customers. Our priority is to create grounds for promoting entrepreneurship and supporting education, as well as professional qualification development of personnel, responding to the needs of the changing labour market in the sector in which we operate, e.g. by the "Młode Kadry" initiative or creating attractive working conditions.



Area:  
**organizational governance and business ethics**

Maintaining transparency and ensuring the highest standards of our business activity are important components of our organizational governance. Through intensive works devoted to implementing the so-called compliance programme, including the Code of Conduct and Good Market Practices of Inter Cars Group, we prevent issues such as the risks related to malpractice, including corruption and bribery or the conflicts of interest.



Area:  
**products and customer relations**

The changing customers' preferences and regulations exert a significant influence on the core activity of Inter Cars Group — vehicle part sales. Responding to the changing needs, with a versatile product portfolio (e.g. quality, price, regenerated products), the product availability, as well as testing the product quality parameters (for private brand products), we have an indirect influence on increased safety in vehicle traffic, minimising the risks related to the operation of vehicles of a limited fitness for use.

## What is our approach to risk management in Inter Cars Group

The system of internal control and risk management in the Group and the parent company is decentralised and maintained based on the financial division and other business units, including the operating division. In selected activity areas, we implemented the compliance system components, which include countering malpractice (e.g. corruption) and preventing conflicts of interests. In 2017, we initiated activities to update risk matrix, the preventive measures were discussed during strategic workshops with the top management. We will strive to improve the risk management system further.

At present, our approach to risk management is expressed in the following measures:

1. We identify risks and assess their significance



To assess the risks correctly, we regularly use internal and external sources of information and our processes are framed to ensure fast and efficient response if any sudden risk increase is observed.



2. We respond adequately



The appropriate assessment of a given risk's impact on the organization enables to prioritise the situation appropriately and initiate required measures. We are aware that all risk factors affect the value generated by us for our shareholders



3. We monitor and report

All the measures related to risk management are monitored and reported appropriately. We ensure all the groups interested in a given risk factor are informed on an ongoing basis



4. We initiate measures to mitigate emergence of new risks



Thanks to the proper monitoring of risk factors, we are able not only to initiate measures in response to the existing situations. Primarily, we wish to prevent new risk emergence by analysing data and responding soon enough



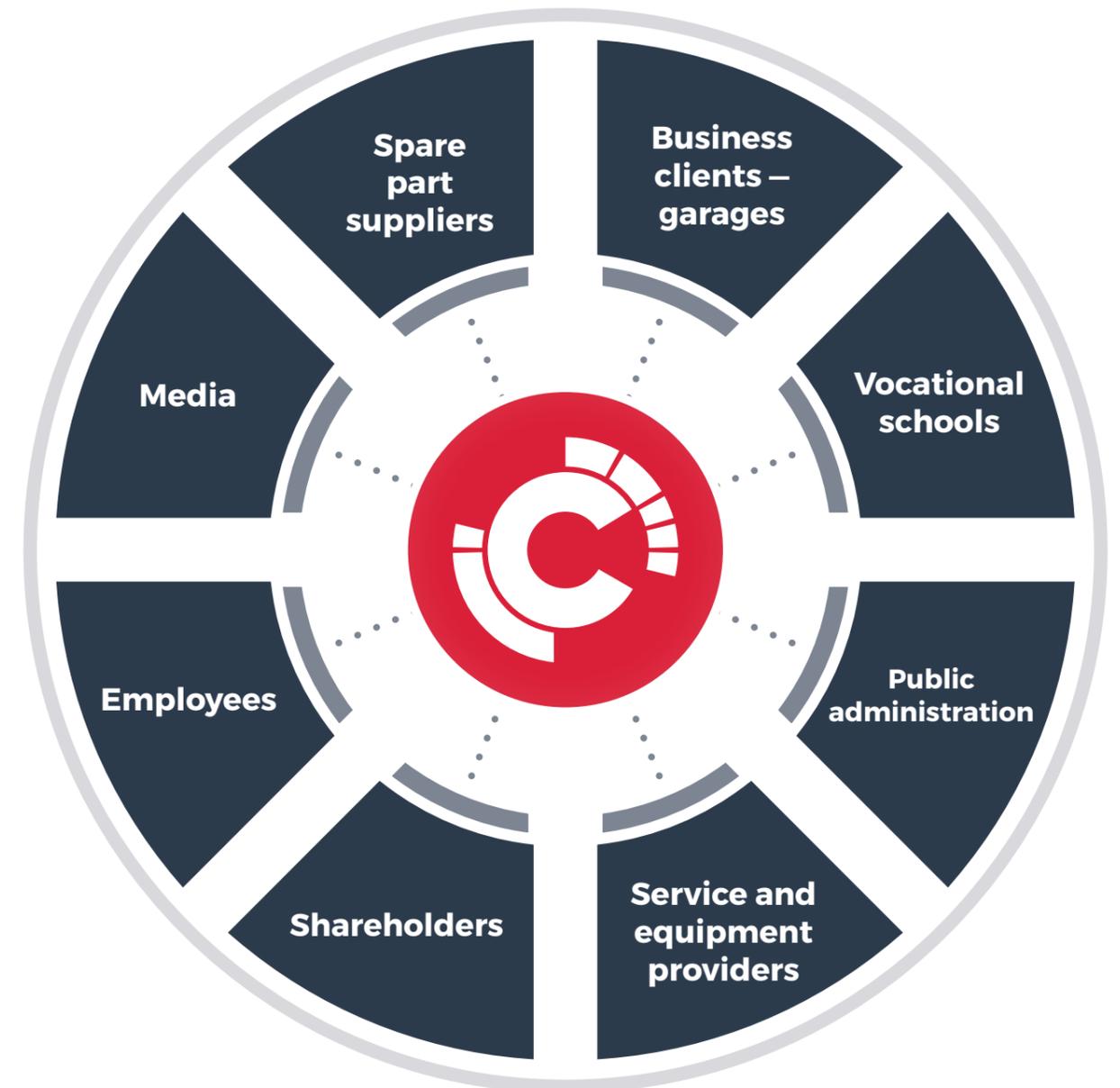
The detailed information on our approach to risk management can be found in the Management Board report on the company activities for 2017.

## Corporate responsibility (CR) strategy

The response to the aforementioned development factors is also our review of measures and approach to corporate responsibility management. In 2016, we started work on the comprehensive corporate responsibility strategy for Inter Cars Group, comprising of both the internal affairs of the organization and the most important areas of our impact on the

economic, social and natural environment. We have involved our key stakeholders in the process. [102-42] We have identified them, considering their impact on us and our impact on them. The most important aspects they reported provided precious input for the strategic directions we finally adopted in 2017.

### [102-40] Our stakeholders



## Our corporate responsibility strategy



1

- We build our leading position by determining the way for changes in the sector and presenting a pro-active attitude towards a responsible business in the automotive sector.

2

- Our customers have access to the highest quality products and services, and the entrepreneurs cooperating with us may benefit from a comprehensive support of their business development.



3

- We create friendly environment for sharing knowledge and implementing innovative business solutions, with the help of our personnel and third-party stakeholders.



4

- We create grounds for promoting entrepreneurship and supporting education, as well as development of professional qualifications for personnel, responding to the labour market in this sector.



5

- We strive to minimise the adverse environmental impact in every value chain component, trying to improve the environmentally-related awareness of our customers and business partners.



6

- Our prosocial activities are aimed at creating opportunities for young people's development, for the disabled and at supporting automotive subjects.



7

- Within our value chain, we engage in a continuous dialogue and cooperation in order to formulate common procedures for our key areas, based on the internal diversity of Inter Cars Group.



The strategy was adopted by Inter Cars Group, including the parent company. The internal diversification of Inter Cars Group makes particular companies involved in implementing the strategy to various degrees, initiating activities adequate to their scale, environment and operating character.

# Market

## Market context: new trends, new challenges

The size of the spare parts market is a derivative of the vehicle sales. The number of passenger vehicles in Europe keeps increasing and it is estimated to reach 337 million by 2019. Also the average age of pre-owned vehicles continues to increase, currently standing at 8 and a half years. The growing pre-owned vehicle market means the prospects are good for automotive product distribution on the secondary market. The European market value is estimated to reach EUR 150 billion, that's 35% of the value the vehicle manufacturers' sector.

The growing age of the European vehicle fleet means a continuous increase in its operating intensity. Other factors shaping the increase in the demand for vehicle parts are also the elimination of barriers for pre-owned vehicle imports and the absence of a single dominant brand. Moreover, the consumers' expectations regarding instantly available vehicles — both by means of hire and passenger transport services — has increased. This will also increase the demand for vehicle service repairs over the upcoming years.

Young consumers whose expectations will be shaped by the global automotive market in the years to come have entirely different expectations of the market to their parents. We do not speak here solely of the requirements concerning the technology or vehicle equipment. The approach to need of owning a car is also changing. On the one hand, young consumers are increasingly prone to buying vehicles or spare parts over the

Internet and on the other hand, they are more frequently deciding not to own a car at all. Instead, they are ready to pay for the flexibility offered to them by the increased availability of cars for hire or the speed and comfort offered by public transport with a single click of their mobile.

Undoubtedly, today's automotive market is largely shaped by new technologies. In countries like the U.S. or Brazil, autonomous vehicles are no longer a scene from a science fiction future. According to consumer research, the inhabitants of those countries trust the vehicles decision making more than their own.

Nonetheless, before it becomes a large-scale phenomenon, the vehicles will keep evolving at an increasing pace. Its most important aspect seemingly being the combination of all vehicle functionalities until the point at which the driver is able to control everything, thanks to a single operating system. Even today the

drivers are able to use the technology which not only provides them with extensive knowledge on the technical condition of their vehicle thanks to diagnostic applications, but also helps to control the costs and search for the best service options available then and there.

All this means significant changes in vehicle users' behaviour and, consequently, their expectations towards the repair and sales-related services. Simultaneously, the increasingly common use of cutting-edge technologies for vehicle manufacture means a higher degree of the required repair complexity. Vehicles are becoming more and more intelligent, while their users rely on technologies such as vehicle applications to an even greater degree. Drivers also expect regular access to automotive services online. All this generates new challenges for repair service providers who, to keep up with the click and drive revolution pace, must ensure appropriate equipment and competences.

## Inter Cars Group – important market player

### Inter Cars S.A. in Poland and Europe

The Inter Cars Group activities not indifferent to both the Polish economy and foreign economies we operate in. The income tax due for 2017 in relation to the entire Capital Group's operations was PLN 34 million. We are aware of the role we play in shaping local markets as a desirable employer and a strong partner for many smaller companies. [202-2] In Poland and most of our European companies, virtually all of our employees in top management positions come from the local market (90%), while the average annual value of the investment in human capital (training and language courses) incurred by Inter Cars S.A. itself in the previous year was more than PLN 1,381.

#### International tactical teams

The dynamic growth of Inter Cars Group on foreign markets requires us to adapt the corporate structure to the new needs. This is why we introduced international work teams — called Tactical Teams (TT) — to it, responsible for various organization operations, including finance, IT, project management, logistics, product management and marketing.

TTs, reporting directly to the Management Board, solve current problems emerging "at the junction of departments" and ensure appropriate flow of information within the Group. Thanks to the international operations and the appropriately prepared budgets for own initiative implementation, TTs facilitate many processes in the companies, including the decision making.

[201-1]

### Financial results of Inter Cars Group in 2017 (thousand PLN)

#### Revenues

Net sales revenue 6,908,365

Other operating revenue 31,621

#### Operating expenses

Operating activity expenses 6,613,936

Other operating expenses 31,586

Financial expenses 40,473

Payroll and benefits 234,119

Payments to investors 10,059

Payments to the state 222,922

Community investments 2,568

## Inter Cars S.A. – responsible business partner

We comprehend the significance of the way we operate in the market for the success of Inter Cars S.A. We understand our role much more broadly than solely as a vehicle parts supplier. Our relations with other market players are of great importance for retaining a strong position, hence the reason why we continue to take the appropriate course of action to retain and strengthen them.

### For 16th time, we have organised a trade fair

On 22–24 September 2017, on the ground of PGE Narodowy Stadium another **edition of the Expo of Spare Parts and Garage Equipment held by Inter Cars Group** took place. This time as many as **230 exhibitors** had the chance to present their new products.

The participants could e.g. visit the historical and contemporary garage, lorry exhibition, get to know the latest e-learning training for garage workers and owners or relax in the VIP zone conducive to business talks and opinion exchange. The separate hall housed Garage Equipment, offered by the leading manufacturers and suppliers of Inter Cars Group.

The trade fair was accompanied by competitions and contests, including e.g. the final of Master Mechanik contest (more about the programme further on) or the tyre replacement competition. Anyone wishing to hone their skills could participate in training taking place in the conference centre and also in three American lorries adapted to holding lectures in them.

The sports emotions were offered by rally drivers during Inter Cars Motor Show, including: Wojtek Chuchała, Filip Nivette, Maciej Oleksowicz, Krzysztof Hołowczyc, Marko Palijana, Ralfs Sirmacis, Marek Wartałowicz, Mateusz Fijała, Paweł Trela, Aleksandra Fijała, Wojciech Goździewicz and Bartek Ostalowski.

The operations of Inter Cars as a business partner are defined primarily by our relations with independent garages. Reinforcing their competitive advantage by a number of structured sales-related activities is an inevitable component of our activities.

The major challenge for the garages today is the need to keep up with the technological advances shaping contemporary vehicles. The growing number of electronic systems or the changing engine and component designs require car repair specialists to constantly improve their qualifications. This is why the training for garage employees is such an important component for building a competitive advantage.

Expectations of garage customers keep growing. A high quality of repair is the minimum requirement and the quality of service, including such components as the provision of exhaustive knowledge, proven high competences of the garage workers, is more and more likely to affect the customers choice of garage. Interestingly, the price of repair

services is decreasing importance for customers year on year. Of greater significance, is the trust which the garages develop solely by providing the highest quality service and offering professional advice to vehicle users.

The training we offer covers all the stages of service and repair process, starting from marketing components, through customer service, to various levels of advancement. We strive to ensure Inter Cars training is primarily practical, meaning it takes place in garages and uses appropriate equipment.

Thanks to our **Master Mechanik** platform, the garage owners can select the most suitable training for their employees. The first step is a assessment of specialists' knowledge in a simple and quick way. The second step, involves Master Mechanik, using gamification components, enabling employees from independent garages to build strong theoretical background.

On the training website, one can search for a programme best suited to the needs of a given garage from technical

training, technical product training or business training, and then to enrol in it. Moreover, there is also the knowledge zone, with no need to log in. The Technical Guide tab is a catalogue of handbooks for download containing practical information on mechanical practice and repair of vehicle parts and components.

Furthermore, the mechanics can use the Technical Help Desk, offering phone contacts with consultants who are ready to provide details of the defect diagnostics and repair methods, parts replacement procedure and the rules for correct installation of components in passenger and light delivery vehicles.

0  
violations

[206-1] In 2017, towards any Inter Cars Group company (in Poland and in Europe) there were **no** decisions issued declaring violation of any free competition rules or antitrust practices.

## [102-43] We listen to our customers

Our customers' opinion is an important development incentive for us. Customer satisfaction studies are carried out periodically, once a year, for a default group, considering both garage owners and workers. The survey is conducted over the phone and, if requested explicitly by the customer, it can be carried in greater depth with a visit from our worker's to the customer.

89%

In the survey conducted in 2017, more than 90% of respondents had a favourable opinion on the communication with Inter Cars S.A. We record also improving results with respect to order placement and problem solving. **The overall assessment of the cooperation with Inter Cars S.A. is more than 89% of favourable opinions.**

Furthermore, once a quarter we carry out a mystery customer study. This study refers to selected sale outlets and takes place both by the auditor's visit and in the form of a phone conversation. This way we check the service level, defining the most important areas for improvement.

The areas studied in this way include primarily the quality of service and cooperation with IC Headquarters and local branches, competence of service and settlement departments, handling orders and complaints, ways to place and process them and goods' delivery routes.

Thanks to regular studies, we can follow price changes and trends, identify and indicate any alarming decreases.

## Inter Cars S.A. – an important say in the public debate

[102-12] [102-13] Inter Cars S.A. is involved actively in the activities of **Stowarzyszenie Dystrybutorów i Producentów Części Motoryzacyjnych (SDCM)** [Association of Automotive Parts Distributors and Manufacturers], a member of the European Federation of the Automotive Aftermarket Distributors FIGIEFA, and from 2016 also a member of CLEPA, the only European organization representing the interests of automotive parts manufactures. In connection with the cooperation between SDCM and CLEPA, the Association deals also with the aspects of manufacturing plants' activity related to pollution emission, technical regulations, sector competitiveness or broadly-taken innovation.

For more information on SDCM activities, see [www.sdcm.pl](http://www.sdcm.pl).



## New technologies for greater availability

Noticing the changing expectations of vehicle users, and also the challenge posed to the market by new technologies. We decided not only to approach the new reality, but also co-create it proactively.

We identified the new Group development direction, namely improved understanding of the individual customer's needs by supporting garages in relation to the communication with their service customers. We launched many projects which will enable us to adapt to the growing expectations in the field of flexibility and availability of automotive services.

## Towards the individual customer

Motointegrator search engine for garages and automotive services implements the long term development vision of Inter Cars as the product not only connects drivers with garages, but is also a tool for generating sales for entities cooperating with the company.

The number of repair services where a visit can be arranged via Motointegrator.com has grown steadily, with close to 6,300 by the end of 2017. Motointegrator continues to extend the garage database and the opportunities offered to the garages and drivers.

The key benefits of Motointegrator.com service from the drivers' perspective include rapid search for a service and garage, efficient visit arrangement and the ability to read opinions of other garage customers. Motointegrator is also a database of knowledge for vehicle owners. The website contains automotive guides and descriptions of services offered by the garages.

Soon, drivers' profiles will be launched to facilitate comprehensive vehicle management further still. This functionality will offer users access to the history of services and vehicle repairs completed, archive of invoices or receipts, special offers or notices of upcoming visits to the workshop.

For garages, Motointegrator is a ready-made, easy to operate promotional tool which they can use to attract more customers. Every garage registered on the platform receives a customised page where it can publish information on the offer and other special offers in an easy and clear way. The Car Workshop Zone enables users not only to edit profiles but also to monitor the statistics of visits to the garage page on Motointegrator or opinions added by customers. Thanks to the ability to arrange customers' visits, the garages can facilitate some of the customer service process. This, according to studies, is becoming

increasingly important for drivers. There have also been efforts to implement an e-calendar which will improve the platforms function even further.

Since Motointegrator was separated as an independent search engine for services and garages, the platform has recorded a monthly increase of approx. 10% in the users' interest. The platform is multilingual and will be implemented gradually in all relevant markets. Our ambition is to create the largest garage and automotive service database in Europe. Even now, Motointegrator has enjoyed a growing popularity in Bulgaria and Lithuania and in early 2018 it will be implemented in the Croatian market.

## Towards facilitating sales processes

### Universal sales application – a shared tool for garages, drivers and dealers

We have combine various customer groups and improve customer experience, in 2016 we launched the Universal Sales Application project. This is another step towards a modernisation of operating activities of Inter Cars Group towards e-commerce. This is a fully scalable sales platform for all customer groups, including B2B, B2B2C and B2C. Moreover, the tool will support internal users' integration, including a sales teams and call centre workers, offering access to an interactive product catalogue to all of them.

In late 2017, we reached the readiness of the Universal Sales Application at the MVP (Minimum Viable Product) stage. The platform has already been implemented in the Greek and Bulgarian market, and work has started to launch it in other countries. The first assessments, collected both from internal users and the customers, are highly positive. Its user-friendly design and functional solutions facilitate the process of part identification and ordering.

The special work mode, or Assisted Service Mode, was created for sales teams and it enables the implementation of the omnichannel strategy. The application runs on any device with any operating system with a modern Internet browser. The entire project has exerted a particularly favourable impact on the processes of simultaneous cooperation with many third-party software providers, using agile software development methods and collaboration with foreign specialists.

Eventually, this implementation will create the system of sales and customer service in a omnichannel model, which entails complete integration of online sales with sales-related operations. Simultaneously, we have also developed the Master Data Management system which will enable us to improve the quality of data used by the product catalogue.

### Our requirements towards suppliers

All ordered products are certified and meet the specific standards applicable in Europe. The basic requirement that we impose on our suppliers is the necessity to provide comprehensive technical documentation of products that needs to be provided along with the delivery. This may seem obvious but it is sometimes crucial in ensuring a smooth order processing. The document verification procedure is carried out on an ongoing basis during the process of delivery preparation for warehouse reception. Any deviations of the supplier are reported immediately to them.

### Cooperation and dialogue

Our suppliers are treated as partners. We are open to dialogue, as well as exchange of knowledge and experience. We offer training visits to our suppliers, and benefit from the similar events they offer. We look for solutions to facilitate our cooperation together.

Discussions have resulted in the launch of the delivery advice note system. It has reduced the vehicle waiting time for unloading and minimised its duration. Knowing in advance the goods and their quantity that will be delivered, the central warehouses are able to more effectively prepare for the unloading of the vehicles, which should also mean reduced work intensity at the delivery stream reception.

We have also implemented an electronic document flow which not only enables us to eliminate paper versions, but also accelerates the very process of preparing the delivery for reception.

### Order placement process optimisation (SAS tool)

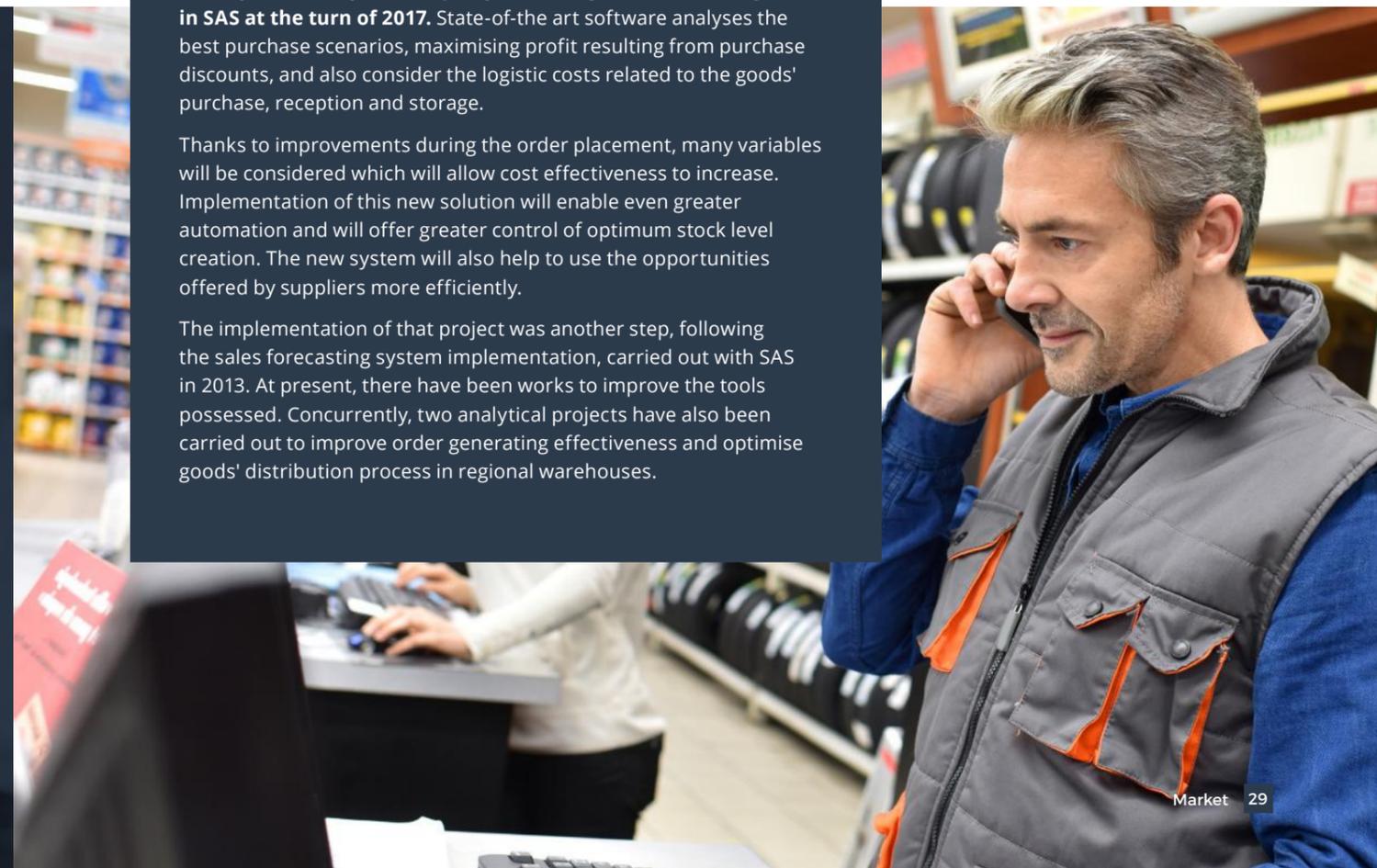
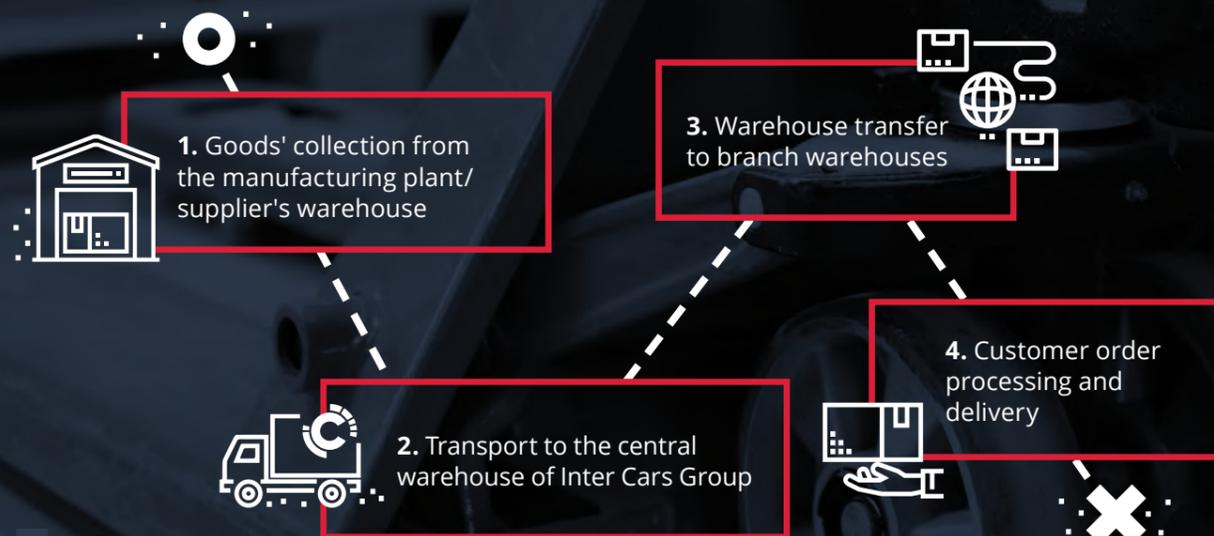
One of important projects supporting the strategic objective of Inter Cars Group, i.e. profitability building, is **optimisation of the order placement process by implementing advanced changes in SAS at the turn of 2017**. State-of-the art software analyses the best purchase scenarios, maximising profit resulting from purchase discounts, and also consider the logistic costs related to the goods' purchase, reception and storage.

Thanks to improvements during the order placement, many variables will be considered which will allow cost effectiveness to increase. Implementation of this new solution will enable even greater automation and will offer greater control of optimum stock level creation. The new system will also help to use the opportunities offered by suppliers more efficiently.

The implementation of that project was another step, following the sales forecasting system implementation, carried out with SAS in 2013. At present, there have been works to improve the tools possessed. Concurrently, two analytical projects have also been carried out to improve order generating effectiveness and optimise goods' distribution process in regional warehouses.

### Impact management in the whole delivery chain

[102-9] Inter Cars Group cooperates with approx. 1,600 suppliers from Europe (Germany, France, Spain and Poland) and from the Far East. Those are primarily suppliers of vehicle parts, workshop clothing and garage equipment. Inter Cars Group delivery chain covers every part of the process, from the supplier's plant to the end customer, i.e. the garage.



# Workplace

## What does it mean to "work at Inter Cars"?

According to the most recent labour efficiency study carried out by the HayGroup Institute, more than 80% of our workers appreciate teamwork and understand the relationship between the work they do and the corporate strategy. Importantly, an equally high percentage appreciate the high quality services and products offered to our customers. This means our workers are satisfied with their work, knowing their effort translates directly into the customer value. As much as 88% of our workers declare that they have all the resources necessary for efficient performance of their work, whereas 63% claim their lead manager supports their career development.

[102-16] At Inter Cars Group, we understand our success is a result of all of our employees' commitment. The proof of our appreciation of our people is the fact that many of us have worked at Inter Cars since the company's inception. We create a positive work environment together, on shared values like our passion, entrepreneurship, integrity, openness and trust. Both in employing people and managing them, we follow strict rules, as we know it is the only way to achieve our ambitious business objectives set every year.

To ensure those rules are respected at every stage and under any circumstances, in 2017 we introduced the **Code of Conduct and Good Market Practices of Inter Cars Group**.

- The Code is a set of rules and values important for Inter Cars Group which we try to implement every day in our business practice and internal relations.
- The Code is in force in all areas of Inter Cars Group (including the parent entity Inter Cars S.A.). We strive to ensure the rules included in the Code are followed also by our partners, including but not limited to franchisees.

- The rules in the Code are a foundation of the compliance programme implemented in Inter Cars Group and apply to all workers and co-workers, regardless of the form of their cooperation with Inter Cars Group.

- Inter Cars Group managers, irrespective of their level and managed area, should always be a role model for all employees, co-workers and business partners, and should offer assistance and advice regarding any doubts related to the application of the Code.

## Code of Conduct is divided into the following areas:

### External relations



- Clients



- Business partners



- Media



- Competitors



- Capital market players



- State Treasury and public authorities



- Receiving or offering material advantage



- Protection of information and personal data confidentiality



- Intellectual property protection

### Internal relations



- Employees and co-workers



- Workplace safety



- Equal opportunities and equal treatment

### Environmental protection



- Reduction of adverse natural environment impact

To ensure all our values are understood, followed and protected correctly in practice, we have created **e-mail address: [compliance@intercars.eu](mailto:compliance@intercars.eu)**, where you can ask questions and report irregularities (a whistleblowing system). We ensure comprehensive protection of a whistleblower who reports negative behaviour, abuse and other irregularities in good faith. We believe such an approach will enable us to identify and eliminate conduct violating the rules in the Code efficiently.

The complete text of the Code of Conduct is available on our corporate website at <http://inwestor.intercars.com.pl/> in the Corporate governance tab.



In our organization, we also respect human rights. We respect employee rights with regard to labour law regulations. The Code of Conduct comprises of a set of basic rules related to human capital management processes in our organization, including ensuring dignified and friendly work conditions, guaranteeing stable and safe employment and the availability of social benefits for all staff. The master documents governing employment in Inter Cars Group, adopted in the parent company and other companies in the Group include the **HR Policy of Inter Cars and Remuneration Policy**.

The related supporting activities include:

- description of the Management by Objectives system — combining the management systems with company results, employees results, employee periodic assessment, incentives and base pay;
- career map;
- employee assessment system.

We are committed to providing our employees with a working environment free from discrimination, mobbing, humiliation, interference with privacy, abuse of authority. We respect equal opportunity and equal treatment rules, referring both to the process of recruitment, assessment and promotion, as well as the access to opportunities offered by the Group. We promote the

attitude of tolerance and openness, we treat everyone fairly, regardless of their gender, age, race, ideology, health, trade union membership, seniority and position, appearance and sexual orientation.

Moreover, because of the specific features of the sector, we make every effort to ensure safe workplace for all workers by minimising the risks related to the performance of tasks entrusted to them. The conduct in this area is governed by the new **OH&S and Environment Protection Policy**, adopted in 2017, implemented throughout Inter Cars Group, including the parent company. We attach great importance to all actual and prospective threats and try to respond to them immediately and appropriately.

The Code of Conduct is also a document preserving such values as ensuring equal opportunities for all workers, regardless of their gender, age, race, ideology, health, trade union membership, seniority and position, appearance or sexual orientation. Those rules refer both to the recruitment, evaluation and promotion processes, as well as the opportunities offered within Inter Cars Group. Moreover, we strive to promote the attitude of tolerance and openness, as well as opposing the spread of ideas damaging human dignity, religious feelings or ideology. [406-1] In 2017, no discrimination incident was reported in the parent company and other companies in the Group.

### Our values: entrepreneurship, passion and commitment, partnership

We understand that the human capital management process starts from looking for employees and hiring them. This is why we assess the candidates in a reliable way based on substantive criteria. Next, we apply clear and fair work assessment and career promotion rules. We notify of the opportunities offered to our workers in a transparent and open way.

Moreover, we know that in order to retain the best workers, we must constantly demonstrate a proactive approach to human resources management. This is why we have gone one step further and in our Code of Conduct we also defined the obligations of Inter Cars Group as a modern employer, ready to implement international standards and good practices in the area of human capital management. Our innovative approach is expressed through focusing on enabling a harmonious combination of professional duties and family life. We also support employees in pursuing their individual passions and initiatives.

### Safe at Work Coalition

In 2017, Inter Cars S.A. joined the **Safe at Work Coalition**. The Coalition was established in 2014, following the initiative of several companies in different sectors. Its objective is to promote safety culture in the workplace among employees and employers, primarily through education on the applicable standards and procedures, good practices and information on the benefits of implementing high safety standards in the workplace.

Within this initiative, we co-create a platform for exchanging knowledge and experience related to workplace safety, offering a valuable support and tool to our customers, primarily small and medium-size garages. Thanks to the activities initiated by us, they can use the specialist expertise, ask questions or check how to carry out the business activity more safely.

We received an award in HR Innovator competition in 2016 for one such initiative. We won the main prize for companies with the Polish capital for Autostrada Rozwoju (Development Highway) project. Our innovative programme was aimed at the managers and sales teams, based on gamification components.

In 2017, we were awarded a certificate of the Highest Quality HR by Polskie Stowarzyszenie Zarządzania Kadrami (PSZK, Polish HR Management Association). The certificate was given for the HR policy distinct from other organizations, trendsetting in human resources management and promoting high standards in the HR sector in Poland.

### [102-8] Total number of Inter Cars employees

	Inter Cars Group			Inter Cars S.A.		
	Women	Men	Total	Women	Men	Total
1 Employed for a specified period	211	355	566	116	121	237
2 Employed for an unspecified period	608	1,923	2,531	99	153	252
<b>Total</b>	819	2,278	3,097	215	274	489

0 irregularities

In 2017, no irregularities were reported in any Inter Cars Group company and in the parent company Inter Cars S.A. [205-3] In 2017, not a single case of corruption or abuse was reported in any Inter Cars Group company.

		Inter Cars Group			Inter Cars S.A.		
		Women	Men	Total	Women	Men	Total
1	Full-time	777	2,237	3,013	207	258	465
2	Part-time	42	42	84	8	16	24
<b>Total</b>		819	2,278	3,097	215	274	489

		Inter Cars Group			Inter Cars S.A.		
		Women	Men	Total	Women	Men	Total
1	employed based on a contract of mandate	66	127	193	28	50	78
2	employed based on a specific task contract	0	0	0	0	0	0
3	employed based on internship agreement	0	0	0	0	0	0
4	self-employed	5	30	35	9	162	173
5	supervised workers and/or seasonal workers	1	1	2	0	0	0
<b>Total</b>		72	158	230	37	212	251

**[401-1] Total number of new employee hires, quits and employee turnover by age groups, gender and region**

		Women	Men	Total
Inter Cars Group	Number of employees (full time equivalent)	819	2,278	3,097
	Number of new employee hire	275	836	1,111
	Percentage of new employee hire (full time equivalent)	33.58%	36.70%	35.87%
Inter Cars S.A.	Number of employees (full time equivalent)	215	274	489
	Number of new employee hire	56	86	142
	Percentage of new employee hire (full time equivalent)	26.05%	31.39%	29.04%

		Total number of employees (full time equivalent) by age groups:			Total
		< 30	30-50	> 50	
Inter Cars Group	Number of employees (full time equivalent)	1,094	1,817	186	3,097
	Number of new employee hire	477	581	53	1,111
	Percentage of new employee hire	43.60%	31.98%	28.49%	35.87%
Inter Cars S.A.	Number of employees (full time equivalent)	181	277	31	489
	Number of new employee hire	77	58	7	142
	Percentage of new employee hire	42.54%	20.94%	22.58%	29.04%

[102-41] In Inter Cars Group, there are no employees covered with collective agreements.

		Women	Men	Total
Inter Cars Group	Number of employees (full time equivalent)	819	2,278	3,097
	Number of employee resignations (full time equivalent)	169	647	816
	Percentage of employee resignations	20.63%	28.40%	26.35%
Inter Cars S.A.	Number of employees (full time equivalent)	215	274	489
	Number of employee resignations (full time equivalent)	11	24	35
	Percentage of employee resignations	5.12%	8.76%	7.16%

Total number of employee resignations (full time equivalent) by age groups:		< 30	30-50	> 50	Total
Inter Cars Group	Number of employees (full time equivalent)	1,094	1,817	186	3,097
	Number of employee resignations (full time equivalent) in a given age group	381	379	35	795
	Percentage of employee resignations	34.83%	20.86%	18.82%	25.67%
Inter Cars S.A.	Number of employees (full time equivalent)	181	277	31	489
	Number of employee resignations (full time equivalent) in a given age group	16	17	2	35
	Percentage of employee resignations	8.84%	6.14%	6.45%	7.16%

[202-1] Both in the parent company and in other Group companies, the pay level of the standard entry level employees **complies with the legal requirements in force in a given country** in this respect.

Activity venue (country)	Ratio of the entry level pay to the minimum pay	
	Women	Men
Poland	1.35	1.29
Slovakia	1.80	1.80
Bosnia and Herzegovina	4.09	5.58
Bulgaria	1.76	2.72
the Czech Republic	1.10	1.37
Estonia	0.99	1.38
Greece	1.28	1.10
Croatia	1.00	1.00
Hungary	1.40	1.48
Italy	1.01	1.03
Lithuania	1.37	1.63
Latvia	1.33	1.33
Moldova	4.61	5.18
Romania	1.66	1.86
Ukraine	2.81	3.13
Slovenia	1.39	1.55

## Hire and retain the best

"**Młode Kadry**" project is one of the flagship activities of Inter Cars Group, beginning in 2011 it is aimed at young people. It consists in cooperation with schools all over Poland and abroad in relation to supporting the education of future car mechanics as well as cutting-age talent sourcing. In this programme, we provide the schools with high-tech equipment for repairing and diagnosing vehicle defects. Our partners include major manufacturers of spare parts and workshop equipment. Every equipment supplier provides schools with training and the necessary educational materials. The training sessions are cyclical, with the cycle comprising of at least 10 sessions a year. By December 2017, the total value of equipment donated to schools was about PLN 2 million.

The main objective of the Group when performing such initiatives is to popularise the mechanic profession and improve the prestige of professional qualifications. By supporting contests, practices and internships for the best students, the "Młode Kadry" programme is a platform that is facilitating the beginning of young people's careers and providing an additional incentive to learn. In 2017, a representative of our franchisee, Group Branch Director in Białystok Branch, Marek Sulima, received a Medal of the Commission of National Education from the Minister of National Education.

This is a prestigious distinction awarded for special contributions in education, including but not limited to teaching, educational and care activities, works with young people and teachers, education and training.

The distinction handed to Marek Sulima was awarded for creating the opportunities to educate students and teachers, including but not limited to improving their theoretical and practical knowledge. Students may participate in young personnel training and in training organised by Białystok Group for cus-

tomers. During holidays, outstanding students take internships in Białystok Group where they get acquainted with work in this branch.

Moreover, Białystok Group offers the students and teachers the ability to visit Inter Cars trade fair where they can see the opportunities offered by the automotive sector themselves. Schools participate actively in competitions organised for students by Inter Cars. Białystok Group also provides the schools with teaching materials, charts, catalogues and leaflets and supports them with its extensive experience.

**This support has been offered for five years.**

In 2017, within the "Młode Kadry" programme, we organised a competition called **Young Car Mechanic** aimed at students from 19 secondary schools. The major objective was to discover young talents in the field of vehicle mechanical works.

From the participants' perspective, the competition is attractive because work simulator enables them to test their skills in conditions resembling those in the workshop. At the first stage, the

students compete in a virtual garage which not only checks their knowledge and skills, but also examines how quickly they are able to complete the task allocated to them.

Subsequent stages eventually led to ten finalists who competed in real life. Finally, the three best participants competed for the main prize in the international competition. The winner of Young Car Mechanic went for a trip to the Elring plant in Stuttgart. Additionally, all competitors received access keys to the full version of a Car Mechanic Simulator game.



The competition is highly popular in Poland and becomes more and more important on other markets where Inter Cars Group is present. We have already been informed that garage owners employ more and more students participating in "Młode Kadry" project.

Students from schools in Poland, Latvia, Estonia, Croatia and Lithuania who won the country finals of Young Car

Mechanic 2017 will participate in the next edition of Young Car Mechanic in 2018. The total value of prizes for three best places in the International Young Car Mechanic 2018 Final is PLN 100,000. All the participants of the International Final will also be invited to visit Elring plant in Stuttgart and Porsche Museum, and they may expect a number of surprises.

## Młode Kadry – Schools



School	Voivodship	City	Street
ZESPÓŁ SZKÓŁ NR 1 (SCHOOL COMPLEX NO. 1)	Mazovia	Piaseczno	Szpitalna 10
CENTRUM KSZTAŁCENIA PRAKTYCZNEGO (PRACTICAL EDUCATION CENTRE)	Cuiavia and Pomerania	Grudziądz	Czarneckiego 5/7
ZESPÓŁ SZKÓŁ BUDOWLANYCH (CONSTRUCTION SCHOOL COMPLEX)	Lubusz	Gorzów Wielkopolski	Okrzei 42
ZESPÓŁ SZKÓŁ PONADGIMNAZJALNYCH NR 22 (SECONDARY SCHOOL COMPLEX NO. 22)	Łódź	Łódź	Przybyszewskiego 73/75
ZESPÓŁ SZKÓŁ NR 6 (SCHOOL COMPLEX NO. 6)	Silesia	Tychy	Al. Marszałka Piłsudskiego 10
CENTRUM KSZTAŁCENIA ZAWODOWEGO I USTAWICZNEGO (VOCATIONAL AND LIFELONG EDUCATION CENTRE)	Silesia	Częstochowa	Przechodnia 11/15
ZESPÓŁ SZKÓŁ SAMOCHODOWYCH (VEHICLE SCHOOL COMPLEX)	Lesser Poland	Nowy Sącz	Tadeusza Rejtana 18
ZESPÓŁ SZKÓŁ MECHANICZNYCH CENTRUM KSZTAŁCENIA PRAKTYCZNEGO NR 2 IM. ŚW. JÓZEFA (ST. JOSEPH MECHANICAL SCHOOL COMPLEX PRACTICAL EDUCATION CENTRE NO. 2)	Podlasie	Białystok	Władysława Broniewskiego 14
CENTRUM KSZTAŁCENIA PRAKTYCZNEGO (PRACTICAL EDUCATION CENTRE)	Mazovia	Siedlce	Konarskiego 9
ZESPÓŁ SZKÓŁ ZAWODOWYCH NR 1 (VOCATIONAL SCHOOL COMPLEX NO. 1)	Mazovia	Nowy Dwór Mazowiecki	Górska
ZESPÓŁ SZKÓŁ MECHANICZNYCH NR 1 (MECHANICAL SCHOOL COMPLEX NO. 1)	Lesser Poland	Kraków	Al. Mickiewicza 5
ZESPÓŁ SZKÓŁ SAMOCHODOWYCH (VEHICLE SCHOOL COMPLEX) IN BYDGOSZCZ	Cuiavia and Pomerania	Bydgoszcz	Powstańców Wlkp. 63
ZESPÓŁ SZKÓŁ SAMOCHODOWYCH (VEHICLE SCHOOL COMPLEX)	Mazovia	Radom	25 czerwca 66
ZESPÓŁ SZKÓŁ IM. ARMII KRAJOWEJ W JEDLICZU (ARMIA KRAJOWA SCHOOL COMPLEX IN JEDLICZE)	Subcarpathia	Jedlicze	Tysiąclecia 15
ZESPÓŁ SZKÓŁ MECHANICZNYCH (MECHANICAL SCHOOL COMPLEX)	Opole	Opole	Osmańczyka 22
ZESPÓŁ SZKÓŁ SAMOCHODOWYCH IM. STANISŁAWA SYROCYŃSKIEGO (STANISŁAW SYROCYŃSKI VEHICLE SCHOOL COMPLEX)	Lublin	Lublin	Długosza 10a
ZESPÓŁ SZKÓŁ POLITECHNICZNYCH W ŚREMIE (TECHNICAL SCHOOL COMPLEX IN ŚREM)	Greater Poland	Śrem	Ks. J. Popiełuszki 30
ZESPÓŁ SZKÓŁ MECHANICZNYCH IM. MIKOŁAJA KOPERNIKA (MIKOŁAJ KOPERNIK MECHANICAL SCHOOL COMPLEX)	Lower Silesia	Świdnica	Sikorskiego 41
ZESPÓŁ SZKÓŁ NR 2 (NO. 2 SCHOOL COMPLEX) IN WROCŁAW	Lower Silesia	Wrocław	Borowska 105

## Space for development

At Inter Cars Group, we believe that the individual development of our employees translates directly into company results. Therefore, we are committed to ensuring opportunities for them to pursue their passions and face new challenges. The best example is the **Autostrada Rozwoju (Development Highway) programme** carried out in 2016.

This project, created primarily for dealers, achieved its goal to combine knowledge of nearly 1 million products offered by Inter Cars with sales skills exercises in one platform.

Based on the results and very good feedback from Autostrada participants in 2016, the company decided to follow up the project and use Autostrada in the process of introducing new employees.

Every month close to 100 new people log into the platform and use the knowledge it provided. In 2017, by combining Autostrada Rozwoju with the projects of School for Sales Representatives and Dealers, a comprehensive competence development programme was created. It takes the sales division employees from the basic knowledge stage of their duties to individual skill improvement. Consequently, dealers can easily access advanced technical training led both by internal coaches and by suppliers of Inter Cars Group.

Apart from access to knowledge of internal products and processes or current offers, the dealers received an incentive mechanism based on solutions well-known from role-playing games or scenario games, adapted to their individual needs.

This was done via the competence role-play game, with seven required sales competences embedded, including prospecting or needs analysis. Every

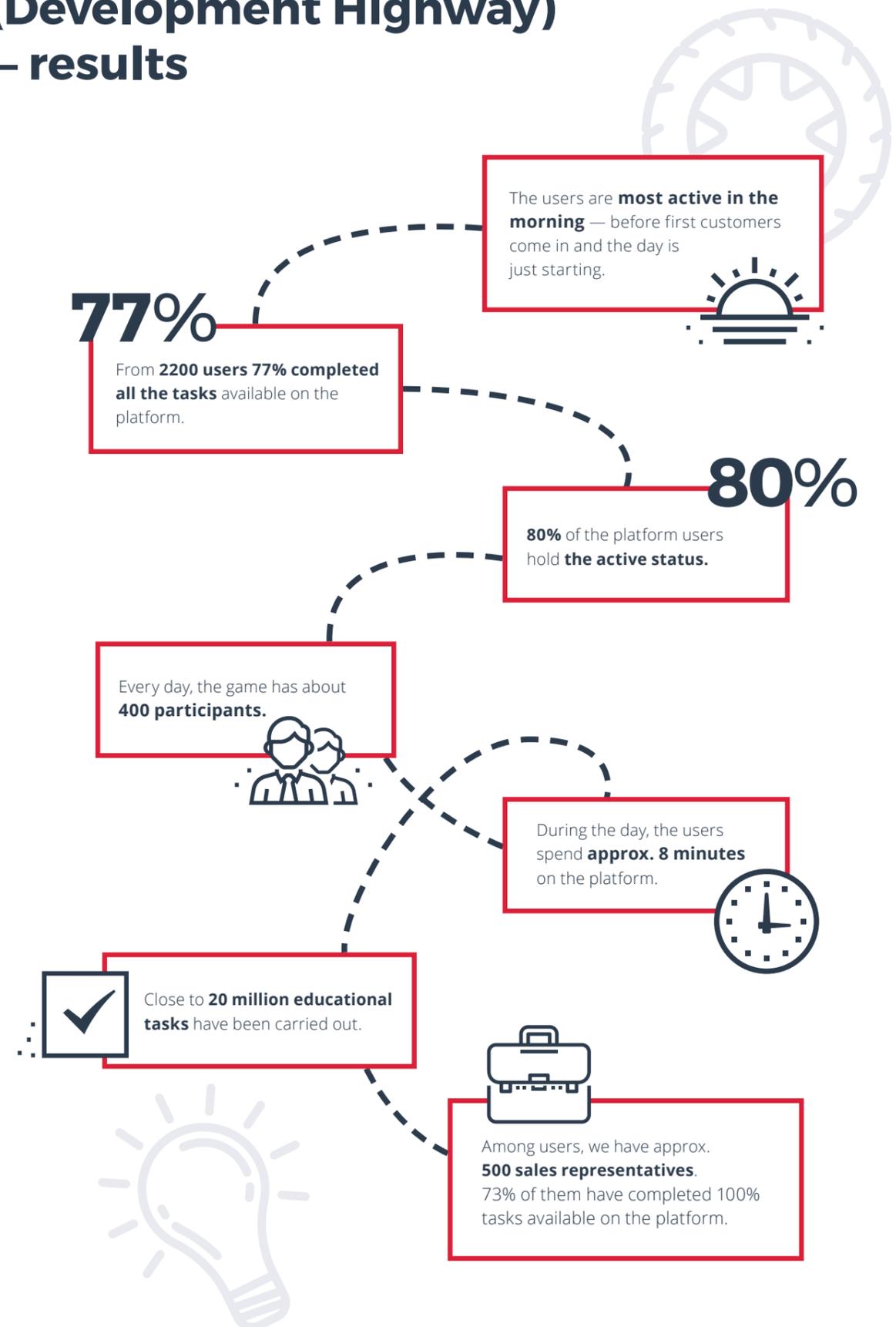
participant, going through an adventure in the game world, served customers, sold products and tested their knowledge on the standards applicable to them. The platform verified both key components simultaneously, namely the sales competence level and the knowledge of products, processes or the current offers. This enabled a diagnosis of the needs of particular sales force employees and led to the creation of individual development paths for every participant.

In the second half of 2018, there are plans to refresh the platform design, offer a new storyline for the competence game and adapt its functionality to the new project for the Sales Teams. It will uniquely combine the opportunity to develop competences by providing online training and classroom training.

Every year, our employees also have a chance to receive feedback on their development in our organization. [404-3] In 2017, 65% of employees of companies covered with the common HR management system (Inter Cars S.A., ICMS, ILS) participated in annual assessments based on a single pattern, regardless of their position. The assessment processes comprised of 714 people altogether, with 464 participants, both our own and our partners' employees. Within the whole Inter Cars Group, we continue developing an approach to the uniform assessment process.



## Autostrada Rozwoju (Development Highway) – results



**[404-1] Total hours of training by gender**

	Women	Men	Total
<b>Total hours of training by gender</b>	4,526	17,400	21,926
<b>Number of employees (values identical to the data from GRI 102-8)</b>	819	2,278	3,097
<b>Average number of hours of training by gender</b>	6	8	7

[404-1] The average number of hours of training per year per Group employee is **approx 7 hours**.

The training in both soft and hard skill area is organised based on the needs using reports put together following the annual employee assessment. What is more, every manager may send their employee to thematic training depending on the area they work in.

## A Hotbed of Ideas and Innovation

Every Inter Cars Group employee can submit their idea to the project management system. IMPO, acting in line with Inter Cars Group values, developed and handles the process of implementing bottom-up employee ideas and initiatives. Every submission is subject to thorough analysis, complementing and assessment in terms of needs as well as possibilities to run a given project. The decision is made by a leader of a given area in which the project is supposed to be implemented.

In 2017, nearly 2,000 applications were examined. This allowed the internal complaint handling process to be improved. As a result of this one our employees noticed, in December 2016, that while handling customer complaints it would be preferable to consider additional costs incurred by our customers in connection to the damaged part identification.

The implementation of this idea required combined efforts in the fields of advertising, legal services and customer service in all locations. The culmination of the project was the training that began in March 2017. This was designed for employees serving customers when a complaint is lodged.

## Our social involvement

According to the corporate responsibility strategy of Inter Cars Group, we wish to create grounds for promoting entrepreneurship and supporting education and professional qualification development of personnel, responding to the needs of the labour market in this sector.

The strategy adopted by the Management Board indicates priority areas, specific initiatives and measures (KPIs) as well as people responsible for the implementation/supervision of the area.

One of our flagship programmes is "Młode Kadry" project (see Chapter 3. 3.2 Hire and retain the best), Young Car Mechanic and training sessions in cooperation with garages. Within the adopted

strategy, we plan the evaluation and verification of "Młode Kadry" project, to determine the target shape and geographical reach as well as further steps towards its complete development.

Our prosocial activities aim to create development opportunities for young people, for the disabled and support automotive subjects.

Within the adopted strategy, we commit to drawing up and launching social involvement programmes focused on the key directions, i.e. the development of young people and the disabled, support of automotive themes, including road safety, technical staff development, as well as promotion of sports activity.

Why not use the jogging trend to help those in need? The **Motointegrator Running Team club**, founded in 2015, associates workers passionate about running. In 2017, the MI club members covered close to 60,000 kilometres in total.

Club membership allows Inter Cars employees to pursue their sporting passion and supports a healthy lifestyle. However, these are not the only benefits. Every kilometre covered, both during workout and official runs, provides real help for those in need. In 2017, Motointegrator Running Team donated PLN 57,274.03 to charities to support treatment of over a dozen people receiving charity care.

Right from the beginning, the club had about 80 members. In the initial three

months, club members ran more than 10 thousand kilometres altogether.

How does Motointegrator Running Team help those in need? The runners' achievements are traced on a dedicated platform in the Endomondo application and then every covered kilometre is converted into PLN 1. 100% of funds collected in this way are transferred to collected are transferred to one of the cooperating charities. In 2017, PLN 57,274.03 was collected and transferred to charities such as Fundacja "Spełnio-

nych Marzeń", Fundacja "Kochaj Życie", Fundacja Dzieciom "Zdążyć z Pomocą".

These are not the only sporting events at Inter Cars Group. In 2017, the sixth edition of Inter Cars President Cup Football Competition was held. In the final, the teams from Romania and the branch group Glob Cars met. The Romanian team ended victorious for the fourth time, winning 5:2.

*"The paramount objective is to present the essence of Inter Cars. We are a company with Polish roots, but we operate also in many European countries. The fact that those teams come here and play with Inter Cars logo on their chests shows that we are a truly international community. We do not only work together, but are also able to have great time together."*

**Robert Kierzek**  
Management Board  
Deputy President  
Inter Cars



# Environment

## Spare parts market – response to the challenge of resource use limitation

One of the basic pillars of our activity is the awareness of participating in the market offering a challenge, not only immense potential. Taking the leading position in the market of spare parts distribution obliges us not only to follow the rules of responsible monitoring, regarding how our activity impacts the environment; but also to set new standards in this respect and to be a role model for the other participants.

### To improve road safety

Close to 43.5% of all accident casualties in Poland are the "unprotected" traffic participants, meaning pedestrians, cyclists and motorcyclists. **The Odblaskowi.pl campaign, organised for eight years, is to improve their safety by promoting positive habits, e.g. wearing reflectors which are offered by us during numerous events organised in various parts of Poland.** We are particularly committed to raising awareness among children and their parents, which is why we organise, as a part of our campaign, school competitions like "Zebra w mieście" ("Zebra in the city"), which is gaining more and more popularity.

The Odblaskowi.pl campaign is supported by famous people every year. Until now, the group of Odblaskowi.pl Ambassadors included e.g. Stoch, Grzegorz Krychowiak, Dawid Wolny, Krzysztof Ignaczak, Adam Kornacki, Marcin Daniec, Grzegorz Kosok, Filip Bobek, Anna Dydzik, dr Mateusz Grzesiak, Krzysztof Ziemięc, Jakub Bączek, Robert Heisig, Grzegorz Hyży and Kajetan Kajetanowicz.

In 2017, within the Odblaskowi.pl campaign, more than a dozen educational events were organised, with the bands given to children by a mascot called Reflector Owl (Sowa Odblaskowa).

The master document specifying the approach of the Group and the parent company to the environmental protection aspects is the Code of Conduct and Good Market Practices of Inter Cars Group. The Code also provides also examples of required behaviour, e.g. waste disposal solely to appropriate containers, limiting paper use, promoting eco-friendly attitudes among customers and partners.

The number of vehicles in Europe and worldwide keeps growing and there are no signs this trend will stop in the years to come. This is undoubtedly one of the key challenges, both in terms of infrastructure and ecology, faced by today's cities. The operation model of a company belonging to Inter Cars Group, i.e. Lauber Sp. z o.o. with its seat in Słupsk,

promoting the industrial regeneration of a worn part instead of buying a new one, is a direct response to the problem of resource depletion and extensive waste production.

**200,000 pieces**

In 2017, Inter Cars Group sold **200,000 pieces** of regenerated parts on all of the markets we operate in, with 65% of them coming from the Lauber plant.

The increasingly popular idea of a circular economy is engrained in the DNA of Inter Cars Group.

However, we perceive our role in promoting recycling and multiple use of resources more broadly than just offering products "restored" for use. Another phenomenon shaping the automotive market include the changing expectations of consumers who decide to rent vehicles or use car sharing services more and more frequently. This inspires us to invest in new solutions. This line of thinking is illustrated by an intense development of Rent a Car service which will initially be implemented within services offered by Inter Cars Group as a courtesy car rental and will gradually become an independent entity in the on-demand service market.

## Rent a car

One of key projects included in Inter Cars Group development strategy for 2018–2020 is the launch of Rent a Car service. Within this project, in 2016 we started construction of a vehicle park which can be used by the garages cooperating with us. In late 2017, there were more than 800 cars delivered to the garages in Poland. The programme keeps developing dynamically. Even today, the target customers in many garages can rent a car either as a courtesy car or just as a car for rent on favourable terms.

Why is the Rent a Car project so important for us? This is our response to the growing needs of customers, both the fleet and individual ones. Courtesy cars become a market standard. The benefits of investing in such activities include not only expansion of the scope of services offered and the higher service standard. We believe that this will also increase our competitive advantage and exert a favourable impact on the turnover and profitability of garages cooperating with us. In the long-term perspective, we want Rent a Car to become a separate business and Inter Cars Group to lead the market of those services in Poland. We assume this will give us the opportunity to develop our business in new segments, including B2B or road assistance, or in the area of comprehensive services for insurers.

We plan to cooperate with 120 garages at the end of 2018, using approx. 1,200 cars. Among the garages joining the Rent a Car programme, we implement the procedures required to handle those services, and also internal vehicle booking system. We expect that the courtesy car network will have grown to 1,600 at the end of 2019, and the one of cooperating garages to at least 200. Moreover, our goal is to achieve approx. 15% share in the Polish assistance market by 2020. At the consecutive development phase, we intend to actively enter the market of car rental to consumers. The development of Rent a Car services will be accompanied by active search for opportunities to implement car sharing services that will complement the business model related to vehicle rental, basing on garages cooperating with Inter Cars Group.

Thanks to investment in the car rental area, we wish to ensure the garages access to courtesy cars for affordable prices, and also to create the opportunity to generate extra margin for the cooperating garages. The target customers will have access to the courtesy cars for affordable prices and also to the cars for hire in the future. This is why we initiate the required activities today to ensure the future position of Inter Cars among key providers of such services in Poland.

## Business case in waste management

Conscious waste management is a foundation of our care about the environment, with its framework determined by the OH&S and Environment Protection Policy in Inter Cars Group. We strive to encourage also our partners to do the same. Within **BIO SERVICE** services, the cooperating garages are offered the opportunity to organise a comprehensive garage waste collection in accordance with the applicable regulations governing the process. We encourage an ethos of managing waste created by everyday activity in a conscious way, in compliance with the standards. Thanks to the BIO SERVICE, garages not only improve their image among customers but also increase work safety. The offer can be used by both garages associated within Inter Cars network, and ones cooperating with other suppliers and independent garages.

The everyday garage operations generate various types of waste, with a significant part hazardous to the environment. This could include waste oil, oil and air filters, brake fluids and anti-freeze liquids, pressure containers, detergents, plastic components, waste fluorescent lamps and electronic devices, batteries. Some of the generated waste can be recycled and recovered.

BIO SERVICE provides the garage owners with access to specialists in the field of environmental protection, supports them during the required formalities related to waste management, provides containers for waste collection and organises removal with a specialised tank trucks for oil as well as rigid trucks with a lift for transporting other garage waste. Moreover, contrary to other companies offering these services, BIO SERVICE helps to prepare the basic documents related to waste management.

An initiative offered within the BIO SERVICE development is the collection of waste batteries which may be

exchanged by the garages for the Premia Cash loyalty programme (a card enabling them to collect funds for buying parts via Inter Cars). We have also launched a collection of waste tyres from garages who buy new tyres from Inter Cars.

Additionally, we repair and clean oil separators and sedimentation tanks. We also offer the rental of working clothes for garage owners with the option of clothing laundry, maintenance, collection and delivery. In the near future we plan to start collection of catalytic converters, DPFs and lambda probes.

The programme is managed via a dedicated BS BIO online platform where the BIO SERVICE programme participant communicates with logistic operators, service providers and Inter Cars.

Furthermore, to encourage the highest number of garages to dispose of waste combined with simultaneous development of Inter Cars network, we offer special waste management terms and conditions to our new partners.

The garages which decide to establish direct cooperation with Inter Cars and sign an agreement with BIO SERVICE receive a special container with a cover for collecting waste batteries, handling and removal of full containers directly from the garage. After a full container has been collected, they receive a Waste Transfer Note, confirming the waste was disposed of legally.

We wish to offer the garages the cutting-edge standards of waste management services which is why BIO SERVICE uses the specialised Inter Cars logistics for that purpose. An example of a service which can be bought by garages by the agency of ILS is the collection of waste oil.

A kilogram of waste oil is enough for 5 million litres of water to be considered undrinkable.

Among 350 thousand tonnes of waste mineral lubrication oil is used every year, one half is constituted of engine oils. This is why we offer our customers convenient collection of that hazardous waste.

**2015**

582 t of scrap batteries

3 t of waste oil

**2016**

2,000 t of scrap batteries

435 t of waste oil

**2017**2,201 t of scrap batteries  
10,472 t waste tyres

483 t of waste oil

**[306-2] Waste by type and disposal method in Inter Cars Group companies**

Total weight of hazardous and non-hazardous waste by disposal method	Inter Cars Group		Inter Cars S.A.	
	Waste weight [Mg]		Waste weight [Mg]	
	non-hazardous waste	hazardous waste	non-hazardous waste	hazardous waste
Reuse	0.05	0	0	0
Recycling	8,102.81	272,237.65	498.17	0.78
Composting	0	0	0	0
Recycling (including energy recovery)	9.92	17.32	0	0
Incineration (or use as fuel)	1,966.0	0.70	0	0
Introduction into deep wells	0	0	0	0
Landfill storage	61.07	4.20	0	0
Plant storage	39.94	34.93	0	0
Other	0	1.00	0	0
<b>Total</b>	<b>10,179.79</b>	<b>272,295.80</b>	<b>498.17</b>	<b>0.78</b>

## Looking for efficiency at every step

At Inter Cars Group, we keep looking for new solutions to help increase the efficiency of our activities and optimise use of resources. An important milestone in this area is the development of the European Logistics and Development Centre in Zakroczym, the main distribution warehouse of Inter Cars Group. This enabled us to consolidate the space by opening a single central warehouse, increasing the logistics area and improving the efficiency by using cutting-edge sorters and warehouse systems. Consequently, the logistics operation costs – concerning long-term profitability – were optimised.

The ILS European Logistics and Development Centre, was opened in 2017. It covers 15 ha, with a total warehouse area of 55,000 m<sup>2</sup> and a conveyor system 11 km long. This is the only warehouse in the automotive sector in Europe, equipped with numerous solutions promoting environmental protection, besides building cost efficiency.

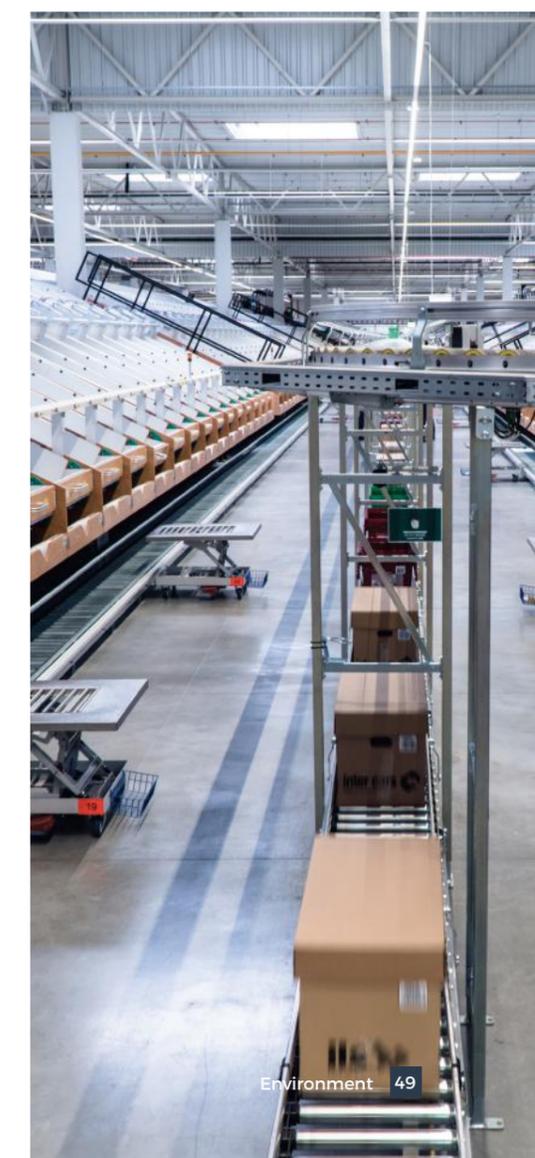
Such components as energy-efficient lighting system, smart heat control systems, cutting-edge sorters, water treatment plant, optimised waste management or fully electronic warehouse operation documents make the European Logistics and Development Centre in Zakroczym a benchmark warehouse in Europe. Furthermore, thanks to the expansion design, we can optimise many logistic processes which will remove some of the burden from the warehouse workers and reduce the number of errors during the goods' release from the warehouse.

Inter Cars Group prepares to open three medium-sized logistic centres of key importance for optimising bulk

product logistics, including tyres, batteries and oils. Thanks to the new warehousing system, it will be possible to deliver directly from suppliers to the medium-sized warehouses, omitting central logistics.

We also keep looking for solutions aiming to increase energy-efficiency of our facilities, e.g. LED system installation, replacement of boilers with condensing ones or modernisation of heat pumps to reach energy class A.

In connection with the recommendations of the energy audit carried out in 2017 (the audit according to PLN-EN16247 standard covered Inter Cars S.A. and ILS Sp. z o.o.), we plan many additional modernisations in several locations. We know that 42–73% of the total energy consumption is spent on heating. Therefore, we plan to install cutting-edge condensing boilers in Krakow and Rzeszów. We also wish to increase the efficiency of the heating system and heat exchangers due to hydraulic balancing.



**[302-1] Energy consumption within the organization**

<b>Total consumption of energy from non-renewable sources (own or purchased) by source type</b>		<b>Values (MWh)</b>
coal		0
natural gas		74,941.64
fuel oil		674,062.60
diesel oil		556,119.58
<b>Total consumption</b>		<b>1,305,123.82</b>
<b>Total energy consumption produced internally or purchased, including:</b>		<b>Values (MWh)</b>
electricity		15,596.29
heat (including steam consumption, cooling energy consumption)		3,636.23
<b>Total consumption</b>		<b>19,180.89</b>
<b>Total energy consumption in the organization based on the formula</b>		<b>1,324,304.71 MWh</b>

**[302-3] Energy intensity**

<b>Feber</b>		
<b>Energy intensity</b>	<b>Values</b>	<b>Unit</b>
Denominator — total energy consumption (GJ, MWh)	1067	MWh
Divider — net sale of products and services for 2017	65,581,600	PLN
<b>Energy intensity ratio</b>	<b>499</b>	<b>PLN/pc.</b>
<b>Lauber</b>		
<b>Energy intensity</b>	<b>Values</b>	<b>Unit</b>
Denominator — total energy consumption (GJ, MWh)	267.705	MWh
Divider — Total number of employees — as of 22 December 2017	133	people
<b>Energy intensity ratio</b>	<b>2.01</b>	<b>MWh/person</b>
<b>[302-4] Reduction of energy consumption</b>		
<b>Feber</b>		<b>Amount of reductions in energy consumption achieved as a result of conservation initiatives (GJ/MWh)</b>
<b>Activities towards energy conservation</b>		
Replacement of traditional fluorescent lamps with LED ones	1.16	
Replacement of transformer welders with inverter ones	4.19	
<b>Total</b>	<b>5.35</b>	

# About the report – approach to content definition

[102-43, 102-44, 102-46, 102-47, 102-50, 102-52, 102-53, 103-1, 101, 102-56, 103-3]

We have the pleasure of presenting **the first corporate responsibility report of Inter Cars Group**, for 2017. The document was prepared based on the international reporting standard for non-financial data, i.e. Global Reporting Initiative (GRI Standards).

The document was developed in accordance with the regulatory requirements on disclosing non-financial information, imposed on the public interest entities by the amended Accounting Act. Inter Cars Capital Group was covered with the regulatory obligation on the consolidated level.

The report describes Inter Cars Group activities from 1 January to 31 December 2017, unless it is indicated otherwise.

In the period covered within the report, no significant changes related to the size, structure, ownership form or delivery chain were reported.

Determining the content, we analysed e.g. press publications in the reported period, topics covered by internal communication, current business strategy of the Group, as well as topics important in non-financial reporting for the automotive sector. Moreover, we

considered the expectations of the representatives of key internal and external stakeholders in the corporate social responsibility area by means of employee surveys and dialogue sessions.



## Opinions of our employees

Employee surveys were filled in by 236 workers from 15 countries where Inter Cars Group is present. As many as 81% of respondents were employees and co-workers of Inter Cars or a subsidiary. Only 19% of surveys were filled in by employees and co-workers of Inter Cars Group Distributors and the Distributors themselves.

As illustrated by the survey, the Group representatives believe that the company is successful in the area of corporate social responsibility, though there are some themes and areas requiring more attention. According to respondents, the essence of responsible business is primarily about care of employees.

The most important topics for achieving business objectives of the company, according to Inter Cars Group employees, were improvement of customer service quality (70%), human capital development and talent management (64%), development of innovative products and services (62%), organizational culture based on values and ethics (36%), retaining current and employing new employees (34%), responsible delivery chain management (31%) as well as transparent and responsible communication on products and services (31%).

## Opinions of external stakeholders

To develop the report and the corporate responsibility strategy of Inter Cars Group, we carried out three dialogue sessions with 28 representatives of our key stakeholders, i.e. business and social partners, media, local authorities and institutions.

Stakeholders who participated in the dialogue sessions perceive Inter Cars Group as a responsible company deserving the title of a leader creating high standards on the market and stress cor-

porate involvement in young people's education.

The most important expectations of stakeholders vis-a-vis the activities in the corporate social responsibility area include strategic and group-wide approach to performing tasks in the responsible business area, transparent and detailed communication of their results and continued dialogue, as well as responding to the needs of particular stakeholders' groups.

Among the most serious challenges which the company needs to face, the stakeholders indicated obtaining and retaining qualified workers. Particular attention was also paid to the need to continue cooperation with local technical school graduates in the region and ensuring attractive, satisfactory employment in local companies for them.

## Final aspects

The themes identified via the survey and dialogue sessions were verified and made more precise during workshops with the managers. The following list of final problems was then created.



Aspects of the area:  
**MARKET**  
(important inside and outside the organization)

- Increased availability of products and services, B2C development
- Readiness for market changes and business development; tracing trends and innovations
- Expansion on international markets (Inter Cars Group as a market maker)
- Entrepreneurship enhancement (supporting local enterprise in their business development, planning succession, practical business skills)
- Ensuring top customer service quality
- Adopting quality standards for branches/garages



Aspects of the area:  
**PEOPLE**  
(important inside the organization)

- Attracting and retaining young talents
- Internal communication, transparency
- Facilitating cooperation with people of differing competences
- Creating opportunities for learning and development (ability to trace trends and innovative solutions)
- Enhancing innovation (building internal innovative ecosystem)
- Supporting energy, passion and pro-active attitudes
- Facing age diversity and generation changes



Aspects of the area:  
**DELIVERY CHAIN**  
(important inside and outside the organization)

- Waste removal
- Increased product efficiency
- Logistic efficiency
- Supplier relations management



Aspects of the area:  
**SOCIETY**  
(important inside and outside the organization)

- Employee involvement in social initiatives
- Partner and customer involvement in social initiatives

The above final problems translated directly into the reported GRI topics, included in the GRI Content Index. In the report, we described in detail all key topics, presenting both the approach to managing them, and the indexes corresponding to them.

The significance assessment is reviewed regularly (annually) within the internal verification process.

The numerical data in the report comes from internal reporting systems. All of them were verified before publication. Nonetheless, we did not use support of an external auditor.

For more information on our relationships with stakeholders, see the "Who we are" chapter.

The report does not omit any information on the expected events or matters being the subject of pending negotiations due to their adverse impact on the market situation of the entity.

Please send any questions related to this report to:



**Aleksandra Pawłowska**

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## GRI content index

Core compliance option (Core)

[102-54, 102-55]

Index no.	Indicator title	Required on CORE level	Included in the report?	Report page
<b>Reporting concept and basis</b>				
101	Reporting concept and basis	CORE		52
<b>Profile indicators</b>				
<b>Organization profile</b>				
102-1	Organization name	CORE		5
102-2	Activities, brands, products and/or services	CORE		12
102-3	Location of headquarters	CORE		5
102-4	Location of operations	CORE		5
102-5	Ownership and legal form	CORE		5
102-6	Markets served	CORE		4
102-7	Scale of the organization	CORE		13
102-8	Information on employees and other workers	CORE		34
102-9	Supply chain description	CORE		28
102-10	Significant changes to the organization (ownership size, structure, form) and its supply chain in the report period	CORE		n/a
102-11	Precautionary principle or approach	CORE		16
102-12	External initiatives	CORE		26
102-13	Membership of associations	CORE		26

Index no.	Indicator title	Required on CORE level	Included in the report?	Report page
<b>Strategy</b>				
102-14	Statement from senior decision-maker	CORE		3
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behaviour	CORE		30
<b>Governance</b>				
102-18	Governance structure	CORE		7, 10
<b>Stakeholder engagement</b>				
102-40	List of stakeholder	CORE		19
102-41	Collective bargaining agreements	CORE		35
102-42	Identifying and selecting stakeholders with whom to engage	CORE		19
102-43	Approach to stakeholder engagement	CORE		26, 52
102-44	Key topics and concerns raised	CORE		52
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	CORE		7
102-46	Defining report content and topic boundaries	CORE		52
102-47	List of material topics	CORE		52
102-48	Restatements of information (e.g. mergers, acquisitions, change of a year base period, activity type, measurement methods)	CORE		n/a
102-49	Changes in reporting	CORE		n/a

Index no.	Indicator title	Required on CORE level	Included in the report?	Report page
102-50	Reporting period	CORE		52
102-51	Date of most recent report	CORE		n/a
102-52	Reporting cycle	CORE		52
102-53	Contact point for questions regarding the report	CORE		52
102-54	Claims or report prepared in accordance with the GRI Standards in the Core or Comprehensive option	CORE		55
102-55	GRI content Index	CORE		55
102-56	External assurance	CORE		52
<b>Management Approach</b>				
103-1	Explanation of the material topic and its boundary	CORE		52
103-2	The management approach and its components	CORE		17
103-3	Evaluation of the management approach	CORE		52
<b>THEMATIC INDICATORS</b>				
<b>Economic indicators:</b>				
<b>Economic results</b>				
201-1	Direct economic value generated and distributed (included revenues, operating expenses, payroll, donations and other investments for the community, non-distributed profits and reimbursements to capital owners and government institutions)			23
<b>Market presence</b>				
202-1	Ratio of standard entry level wage by gender compared to local minimum wage			36
202-2	Percentage of local community representatives on higher management positions			22

Index no.	Indicator title	Required on CORE level	Included in the report?	Report page
<b>Anti-corruption</b>				
205-3	Confirmed incidents of corruption and actions taken			32
<b>Distortion of competition</b>				
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices			25
<b>Environmental topics:</b>				
<b>Energy</b>				
302-1	Energy consumption within the organization, incl. source type			50
302-3	Energy intensity			51
302-4	Reduction of energy intensity			51
<b>Sewage and waste</b>				
306-2	Waste by type and disposal method			48
<b>Social topics:</b>				
<b>Employment</b>				
401-1	New employee hires and employee turnover			35
<b>Training and education</b>				
404-1	Average hours of training per year per employee			42
404-3	Ratio of employees receiving regular performance and career development reviews, by gender and employment category			40
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken			33

Inter Cars S.A. Group, pursuant to the amended Accounting Act, is subject to the reporting obligation on an consolidated level. The policies, procedures and results related to the business activity, presented in this report, refer to the whole Group unless it is indicated otherwise.

### Requirements of the Accounting Act related to non-financial data disclosure

Business model description	✓	Who we are	Our business model
Description of managing risks identified as material	✓	Who we are	Risk management
			What is our approach to risk management in Inter Cars Group
Description of policies, due diligence procedures and results related to the entity operations with respect to employee topics	✓	Workplace	What it means to work at Inter Cars
			Hire and retain the best
			Autostrada Rozwoju (Development Highway)
Description of policies, due diligence procedures and results related to the entity operations with respect to environment topics	✓	Environment	
Description of policies, due diligence procedures and results related to the entity operations with respect to anti-corruption topics	✓	Workplace	What it means to work at Inter Cars
Description of policies, due diligence procedures and results related to the entity operations with respect to human rights topics	✓	Workplace	What it means to work at Inter Cars
The human rights are defined by us as the right to protect privacy, freedom from humiliating practices, right to non-discrimination			
Description of policies, due diligence procedures and results related to the entity operations with respect to social topics	✓	Workplace	Our social involvement

## Glossary

- Inter Cars S.A. Capital Group — Inter Cars Group, Group
- Inter Cars S.A. — Inter Cars



**INTER  
CARS**

**Responsible  
Business in  
Inter Cars**

**Group**