

Inter Cars Joint Stock Company

Information on the state of application by the company of the principles contained in the Code of Best Practice for WSE Listed Companies 2021

According to the current state of application of the Best Practices, the Company does not apply 8 principles: 2.1., 2.2., 2.7., 2.11.6., 3.1., 3.2., 3.4., 6.2.

1. INFORMATION POLICY AND COMMUNICATION WITH INVESTORS

In the interest of all market participants and its own, a listed company takes care of proper communication with stakeholders, conducting a transparent and reliable information policy.

1.1. The Company conducts efficient communication with capital market participants, providing reliable information on matters concerning it. To this end, the company uses a variety of tools and forms of communication, including, first of all, a corporate website, where it publishes all information relevant to investors. The principle is applied.

1.2. The Company shall make it possible to read the financial results achieved by it contained in the periodic report as soon as possible after the end of the reporting period, and if this is not possible for justified reasons, it shall publish at least the preliminary estimated financial results as soon as possible.

The principle is applied.

1.3. In its business strategy, the company also takes into account ESG topics, in particular including:

1.3.1. environmental issues, including measures and risks related to climate change and sustainable development; The principle is applied.

1.3.2. social and employee matters, concerning, m.in the actions taken and planned to ensure gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with customers.

The principle is applied.

1.4. In order to ensure proper communication with stakeholders, within the scope of the adopted business strategy, the Company publishes on its website information on the assumptions of its strategy, measurable goals, including in particular long-term goals, planned activities and progress in its implementation, determined by means of financial and non-financial metrics. Information on ESG strategy should m.in.: The principle is applied.

1.4.1. explain how climate change issues are taken into account in the decision-making processes of the company and its group entities, indicating the resulting risks; The principle is applied.

1.4.2. present the value of the equal pay ratio paid to its employees, calculated as a percentage difference between the average monthly salary (including bonuses, awards and other allowances) of women and men for the last year, and provide information on the actions taken to eliminate possible inequalities in this area, together with a presentation of the risks associated with this and the time horizon in which it is planned to achieve equality.

The principle is applied.

1.5. At least once a year, the Company discloses the expenses incurred by the Company and its Group to support culture, sports, charities, media, social organizations, trade unions, etc. If in the year covered by the report the company or its group incurred expenses for such purposes, the information shall include a statement of these expenses.

The principle is applied.

1.6. In the case of a company belonging to the WIG20, mWIG40 or SWIG80 index, once a quarter, and in the case of the others, at least once a year, the company organizes a meeting for investors, inviting in particular shareholders, analysts, industry experts and

media representatives. During the meeting, the company's management board presents and comments on the adopted strategy and its implementation, the financial results of the company and its group, as well as the most important events affecting the company's and its group's operations, the results achieved and the prospects for the future. During the meetings, the company's management publicly provides answers and explanations to the questions asked. The principle is applied.

1.7. In the event that the investor submits a request for information about the company, the company shall respond immediately, but no later than within 14 days.

The principle is applied.

2. MANAGEMENT BOARD AND SUPERVISORY BOARD

In order to achieve the highest standards in the performance of the company's management and supervisory board duties and to perform them effectively, only persons with appropriate competences, skills and experience are appointed to the management board and supervisory board.

Members of the management board act in the interest of the company and are responsible for its activities. In particular, the Management Board is responsible for leadership in the company, involvement in setting its strategic goals and their implementation, as well as ensuring the company's efficiency and safety.

Members of the supervisory board, within the scope of their function and duties performed in the supervisory board, are guided in their conduct, including decision-making, by the independence of their own opinions and judgments, acting in the interest of the company.

The Supervisory Board works in a culture of debate, analysing the company's situation against the background of the industry and the market on the basis of materials provided to it by the company's management board and the company's internal systems and functions, as well as obtained from outside it, using the results of the work of its committees. In particular, the Supervisory Board gives its opinion on the company's strategy and verifies the work of the Management Board in terms of achieving the set strategic goals and monitors the results achieved by the company.

2.1. The Company should have a diversity policy towards the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting, respectively. The diversity policy defines the goals and criteria of diversity, m.in. in areas such as gender, field of education, specialist knowledge, age and professional experience, as well as indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is the minority share in a given body at a level of not less than 30%.

The rule is not applied.

Company comment: The Company does not have a diversity policy towards the Management Board and the Supervisory Board adopted by the Supervisory Board or the General Meeting, respectively. The Company supports the principle of diversity among its bodies and sees value in creating an environment in which there will be the widest possible range (set) of competences and qualifications, and each person will have the opportunity to fully use their unique potential. However, the decision on the composition of the Supervisory Board is made by the General Meeting, and the Management Board is appointed by the Supervisory Board. When electing members of the bodies, the General Meeting and the Supervisory Board, respectively, are guided primarily by the interests and needs of the Company, and therefore the emphasis is placed on competences, specialist knowledge, professional experience or knowledge of the industry in which the Company operates. Despite the lack of policy, the current composition of the Supervisory Board ensures diversity in terms of education, specialist knowledge, age and professional experience, while the current composition of the Management Board ensures diversity in terms of education, specialist knowledge and professional experience.

2.2. Persons making decisions on the election of members of the management board or supervisory board of the company should ensure the versatility of these bodies by selecting diversity providers to their composition, making it possible, m.in. to achieve the target minimum minority share rate of not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in Rule 2.1. The rule is not applied.

Company comment: The decision on the composition of the Supervisory Board is made by the General Meeting, and the Management Board is appointed by the Supervisory Board, who are guided primarily by the interests and needs of the Company when electing members of the bodies. The current composition of the Supervisory Board ensures diversity in terms of education, specialist knowledge, age and professional experience, while the current composition of the Management Board ensures diversity in terms of education, specialist knowledge and professional experience.

2.3. At least two members of the supervisory board meet the independence criteria listed in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, and have no real and material links with a shareholder holding at least 5% of the total number of votes in the company. The principle is applied.

2.4. Votes of the Supervisory Board and the Management Board are public, unless otherwise stipulated by law.

The principle is applied.

2.5. Members of the supervisory board and the management board voting against the resolution may submit a dissenting opinion to the minutes. The principle is applied.

2.6. Performing functions in the Management Board of the Company is the main area of professional activity of a member of the Management Board. A member of the management board should not undertake additional professional activity if the time devoted to such activity prevents him from reliably performing his duties in the company.

The principle is applied.

2.7. Members of the company's management board perform functions in the bodies of entities outside the company's group require the consent of the supervisory board.

The rule is not applied.

Company comment: *The Management Board Regulations provide for the requirement to obtain consent for Management Board members to perform functions in competing companies. Bearing in mind that performing functions in the Management Board of the Company is the main area of professional activity of each of the Management Board Members, the possible sitting of the Members of the Management Board of the Company in the bodies of other, non-competitive entities, in the opinion of the Company, will not prevent them from reliably performing their duties in the Company.*

2.8. Members of the supervisory board should be able to devote the necessary amount of time to the performance of their duties.

The principle is applied.

2.9. The Chairman of the Supervisory Board should not combine his/her function with the management of the work of the audit committee operating within the Board.

The principle is applied.

2.10. The Company, in accordance with its size and financial situation, delegates administrative and financial resources necessary to ensure the efficient functioning of the Supervisory Board.

The principle is applied.

2.11. In addition to the activities resulting from the provisions of law, the Supervisory Board prepares and submits to the Ordinary General Meeting for approval an annual report once a year. The report referred to above shall contain at least:

2.11.1. information on the composition of the Board and its committees, indicating which of the members of the Board meet the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, as well as which of them do not have real and material links with a shareholder holding at least 5% of the total number of votes in the company, as well as information on the composition of the supervisory board in the context of its diversity; The principle is applied.

2.11.2. summary of the activities of the Council and its committees; The principle is applied.

2.11.3. an assessment of the Company's position on a consolidated basis, including an assessment of internal control systems, risk management, compliance and internal audit functions, together with information on the actions taken by the Supervisory Board to carry out this assessment; this assessment includes all relevant controls, including in particular those relating to reporting and operations; The principle is applied.

2.11.4. an assessment of the Company's application of corporate governance principles and the manner in which it fulfils the disclosure obligations regarding their application set out in the Exchange Rules and regulations on current and periodic information published by issuers of securities, together with information on the actions taken by the Supervisory Board to make this assessment; The principle is applied.

2.11.5. assessment of the legitimacy of the expenditure referred to in Rule 1.5; The principle is applied.

2.11.6. information on the degree of implementation of the diversity policy in relation to the Management Board and the Supervisory Board, including the achievement of the objectives referred to in Rule 2.1.

The rule is not applied.

Company comment: *See the explanation to point 2.1.*

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficiently functioning internal systems and functions are an indispensable tool for supervising a company.

The systems cover the company and all areas of its group's operations that have a significant impact on the company's situation.

3.1. A listed company maintains effective systems of internal control, risk management and compliance of operations, as well as an effective internal audit function, appropriate to the size of the company and the type and scale of the business conducted, for the operation of which the management board is responsible. The rule is not applied.

Company comment: *At the current stage of the Company's development, the rule in question is not applied to the full extent. The internal control and risk management system is distributed and is maintained both on the basis of the Company's financial division and other organizational units, including the operations division. The Company has a compliance program adopted by the Management Board in 2017, which includes, in particular, the Code of Conduct and Good Practice, the Anti-Fraud Policy, the Conflict of Interest Management Policy, the Information Confidentiality Policy, the Anti-Mobbing Policy and the Occupational Health and Environmental Protection Policy. The program is aimed at ensuring compliance of the Company's operations with the law, business standards and other market requirements, through appropriate management of the risk of non-compliance. As part of the introduced program, the process of managing the risk of fraud and conflicts of interest has been defined, m.in. The internal audit function was separated in the Company's structure in 2018. In 2024, the formal process of separating the risk management unit within the Company's structure began.*

3.2. The Company shall separate in its structure the units responsible for the tasks of individual systems or functions, unless this is not justified due to the size of the company or the type of its activity.

The rule is not applied.

Company comment: *The internal control and risk management system is distributed and is maintained both on the basis of the Company's financial division and other organizational units, including the operations division. The compliance program operates on the basis of the compliance department, which is part of the Company's legal department. The company has a separate internal audit department. In 2024, the formal process of separating the risk management unit within the Company's structure began.*

3.3. A company belonging to the WIG20, mWIG40 or sWIG80 index appoints an internal auditor to manage the internal audit function, acting in accordance with generally recognized international standards of professional practice of internal auditing. In other companies where an internal auditor meeting the above requirements has not been appointed, the audit committee (or the supervisory board, if it acts as an audit committee) annually assesses whether there is a need to appoint such a person.

The principle is applied.

3.4. The remuneration of persons responsible for risk management and compliance and the head of internal audit should depend on the performance of the assigned tasks, and not on the short-term results of the company.

The rule is not applied.

Company comment: *The remuneration of persons responsible for the indicated systems or functions is based on a fixed basis and a bonus, which may depend both on the achievement of specific objectives by these persons and the Company, as well as on the financial results of the Company or its capital group.*

3.5. Persons responsible for risk management and compliance report directly to the President or another member of the Management Board. The principle is applied.

3.6. The head of internal audit is organisationally subordinate to the President of the Management Board, and functionally to the Chairman of the Audit Committee or the Chairman of the Supervisory Board, if the Board performs the function of the Audit Committee. The principle is applied.

3.7. Principles 3.4 - 3.6 also apply to entities from the group of companies that are of significant importance for its operations, if they have designated persons to perform these tasks.

The principle is applied.

3.8. At least once a year, the person responsible for internal audit, and in the absence of such a function in the company, the company's management board, shall submit to the supervisory board an assessment of the effectiveness of the functioning of the systems and functions referred to in Rule 3.1, together with an appropriate report.

The principle is applied.

3.9. The supervisory board shall monitor the effectiveness of the systems and functions referred to in Rule 3.1 on the basis of, inter alia, reports provided to it from time to time directly by the persons responsible for these functions and the company's management board, as well as make an annual assessment of the effectiveness of the functioning of these systems and functions, in accordance with the principle

2.11.3. Where an audit committee operates in the Company, it shall monitor the effectiveness of the systems and functions referred to in Rule 3.1, but this shall not exempt the Supervisory Board from carrying out an annual assessment of the effectiveness of the functioning of these systems and functions.

The principle is applied.

3.10. At least once every five years, a company belonging to the WIG20, mWIG40 or sWIG80 index is reviewed by an independent auditor selected with the participation of the audit committee. The principle is applied.

4. GENERAL MEETING AND SHAREHOLDER RELATIONS

The management board of a listed company and its supervisory board should encourage shareholders to get involved in the company's affairs, expressed primarily by active, personal or proxy participation in the general meeting.

The General Meeting should deliberate with respect for the rights of all shareholders and strive to ensure that the resolutions adopted do not violate the legitimate interests of individual groups of shareholders.

Shareholders participating in the General Meeting shall exercise their rights in a manner that does not violate good morals. Participants of the General Meeting should arrive at the General Meeting prepared.

4.1. The Company should enable shareholders to participate in the General Meeting by means of electronic communication (e-general meeting), if it is justified due to the expectations of shareholders reported to the company, if it is technical infrastructure necessary to conduct such a general meeting. *The principle is applied.*

4.2. The Company shall determine the place and date, as well as the form of the General Meeting in such a way as to enable as many shareholders as possible to participate in the meeting. To this end, the company also makes every effort to ensure that the cancellation of the General Meeting, the change of the date or the order of adjournment of the meeting take place only in justified cases and that it does not prevent or limit the right of shareholders to participate in the General Meeting.

The principle is applied.

4.3. The Company shall provide a publicly available broadcast of the General Meeting in real time. *The principle is applied.*

4.4. Media representatives shall be allowed to attend general meetings. *The principle is applied.*

4.5. In the event that the Management Board receives information about the convening of the General Meeting pursuant to Article 399 § 2 - 4 of the Commercial Companies Code, the Management Board shall immediately perform the actions it is obliged to perform in connection with the organization and conduct of the General Meeting. The rule also applies in the case of convening a general meeting on the basis of an authorisation issued by the registry court in accordance with Article 400 § 3 of the Commercial Companies Code.

The principle is applied.

4.6. In order to make it easier for shareholders participating in the General Meeting to vote on resolutions with due diligence, draft resolutions of the General Meeting concerning matters and decisions other than those of an orderly nature should contain a justification, unless it results from the documentation submitted to the General Meeting. In the event that a given matter is placed on the agenda of the General Meeting at the request of the shareholder or shareholders, the Management Board shall request the presentation of the justification for the proposed resolution, unless it has been previously presented by the shareholder or shareholders.

The principle is applied.

4.7. The Supervisory Board gives its opinion on draft resolutions submitted by the Management Board to the agenda of the General Meeting. *The principle is applied.*

4.8. Draft resolutions of the General Meeting for matters included in the agenda of the General Meeting should be submitted by the shareholders no later than 3 days before the General Meeting. *The principle is applied.*

4.9. If the subject of the General Meeting is to be the appointment to the Supervisory Board or the appointment of the Supervisory Board for a new term of office:

4.9.1. Nominations for members of the Board should be submitted within a deadline enabling the shareholders present at the General Meeting to make a decision with due consideration, but no later than 3 days before the General Meeting; the candidacies, together with a set of materials concerning them, should be published immediately on the Company's website; *The principle is applied.*

4.9.2. A candidate for a member of the Supervisory Board shall submit declarations regarding compliance with the requirements for members of the Audit Committee specified in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, as well as regarding the existence of real and material links between the candidate and a shareholder holding at least 5% of the total number of votes in the company.

The principle is applied.

4.10. The exercise of the rights of shareholders and the manner in which they exercise their rights must not lead to hindering the proper functioning of the company's bodies.

The principle is applied.

4.11. Members of the Management Board and the Supervisory Board shall take part in the General Meeting, at the venue of the meeting or via the means of bilateral electronic communication in real time, in a composition that allows them to express their opinion on the matters discussed at the General Meeting and to provide substantive answers to questions asked during the General Meeting. The Management Board presents to the participants of the Ordinary General Meeting the financial results of the Company and other relevant information, including non-financial information, contained in the financial statements subject to approval by the General Meeting. The Management Board discusses important events concerning the past financial year, compares the presented data with previous years and indicates the degree of implementation of the previous year's plans.

The principle is applied.

4.12. The resolution of the General Meeting on the issue of pre-emptive shares should specify the issue price or the mechanism for determining it, or oblige the authority authorized to do so to determine it before the pre-emptive right date,

w ithin the time limit allowing for an investment decision.

The principle is applied.

4.13. A resolution on a new issue of shares excluding the pre-emptive right, which at the same time grants the right of priority to subscribe for shares of the new issue to selected shareholders or other entities, may be adopted if at least the following conditions are met:

(a) the company has a reasonable, economically justified need to raise capital urgently, or the issue of shares is related to rational, economically justified transactions, m.in. such as a merger with another company or its acquisition, or the shares are to be acquired under an incentive scheme adopted by the company;

b) the persons who will be entitled to the right of priority will be designated according to objective general criteria;

c) **the subscription price** will be in a reasonable relationship to the current quotations of the company's shares or will be determined as a result of the market-based book-building process.

The principle is applied.

4.14. The Company should strive to distribute profit through dividend payments. It is possible to keep the entire profit in the company if any of the following reasons occur:

a) the amount of that profit is minimal and, consequently, the dividend would be insignificant in relation to the value of the shares;

b) the company shows uncovered losses from previous years, and the profit is intended to reduce them;

c) the company justifies that allocating the profit to investments will bring measurable benefits to shareholders;

d) the company has not generated cash to enable the payment of dividends;

e) the payment of dividends would materially increase the risk of breach of covenants arising from the credit agreements or the terms of the bond issue binding on the company;

f) leaving the profit in the company is in accordance with the recommendation of the institution supervising the company due to its specific type of activity.

The principle is applied.

5. CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

For the purposes of this Chapter, a related party is a related entity within the meaning of international accounting standards adopted pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The company and its group should have transparent procedures for managing conflicts of interest and concluding transactions with related parties in conditions of the possibility of conflicts of interest. The procedures should provide for ways to identify such situations, to disclose them and to act in the event of their occurrence.

A member of the management board or supervisory board should avoid engaging in professional or non-professional activities that could lead to a conflict of interest or negatively affect their reputation as a member of the company's governing body, and in the event of a conflict of interest, they should immediately disclose it.

5.1. A member of the management board or supervisory board shall inform the management board or supervisory board accordingly of any conflict of interest or the possibility of its occurrence and shall not take part in the consideration of a case in which a conflict of interest may arise in relation to him/her.

The principle is applied.

5.2. If a member of the management board or supervisory board considers that the decision, respectively of the management board or supervisory board, is contrary to the interest of the company, he or she should request that his or her dissenting opinion on this matter be included in the minutes of the meeting of the management board or supervisory board.

The principle is applied.

5.3. No shareholder should be privileged in relation to other shareholders in terms of transactions with related parties. This also applies to transactions of the company's shareholders concluded with entities belonging to its group.

The principle is applied.

5.4. The Company may purchase its own shares (buy-back) only in such a manner in which the rights of all shareholders are respected.

The principle is applied.

5.5. In the event that a transaction of a company with a related entity requires the consent of the supervisory board, before adopting a resolution on approval, the board assesses whether it is necessary to consult an external entity that will carry out a valuation of the

transaction and an analysis of its economic consequences. The principle is applied.

5.6. If the conclusion of a transaction with a related entity requires the consent of the General Meeting, the Supervisory Board shall prepare an opinion on the legitimacy of concluding such a transaction. In such a case, the Board shall assess the need to consult an external entity in advance, as referred to in Rule 5.5.

The principle is applied.

5.7. In the event that the decision on the conclusion of a material transaction by the company with a related entity is made by the general meeting, before such a decision is taken, the company shall provide all shareholders with access to the information necessary to assess the impact of this transaction on the company's interest, including the opinion of the supervisory board referred to in rule 5.6. The principle is applied.

6. SALARIES

The Company and its Group ensure the stability of its management staff, inter alia through transparent, fair, consistent and non-discriminatory remuneration rules, manifested, among m.in, in equal pay for women and men.

The remuneration policy adopted in the company for members of the company's bodies and its key managers determines in particular the form, structure, method of determining and paying remuneration.

6.1. The remuneration of members of the management board and supervisory board, as well as key managers, should be sufficient to attract, retain and motivate persons with the competences necessary for the proper management and supervision of the company. The amount of remuneration should be adequate to the tasks and duties performed by individual persons and the associated responsibility.

The principle is applied.

6.2. Incentive programs should be structured in such a way that, among other things, they make the level of remuneration of members of the company's management board and its key managers dependent on the company's actual, long-term position in terms of financial and non-financial results, as well as long-term growth in shareholder value and sustainable development, as well as the stability of the company's operations.

The rule is not applied.

Company comment: *In accordance with the incentive program for members of the Management Board adopted on the basis of the resolution of the Supervisory Board, the bonus system provided for in it is based on a degressive model, where the bonus base is determined as a percentage of the consolidated net profit of the Company's capital group resulting from the audited financial statements of the Company's capital group. At the moment, non-financial results are not a factor on which the amount of bonuses for management staff depends. However, sustainability issues are of significant value to the Company and despite the fact that these issues are not related to the bonus system for management, the Company reviews its operations in terms of non-financial risks every year and tries to optimize its operations in these areas.*

6.3. If one of the incentive programs in the company is a management option program, then the exercise of the option plan should be conditional on the fulfilment by the entitled parties, within at least 3 years, of predetermined, realistic and appropriate financial and non-financial objectives and sustainable development, and the determined purchase price of shares by the entitled persons or the settlement of the options may not differ from the value of the shares at the time of the adoption of the program.

The principle is applied.

6.4. The Supervisory Board performs its tasks continuously, therefore the remuneration of the Board members cannot be dependent on the number of meetings held. The remuneration of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work of those committees.

The principle is applied.

6.5. The amount of remuneration of supervisory board members should not depend on the short-term results of the company.

The principle is applied.