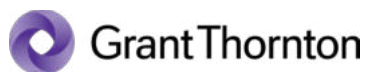




ESG REPORT

OPENING BALANCE



prepared within the project:
2023, Establishment of the ESG Report
for ABC Czepczyński Sp. z o.o. Sp. k.

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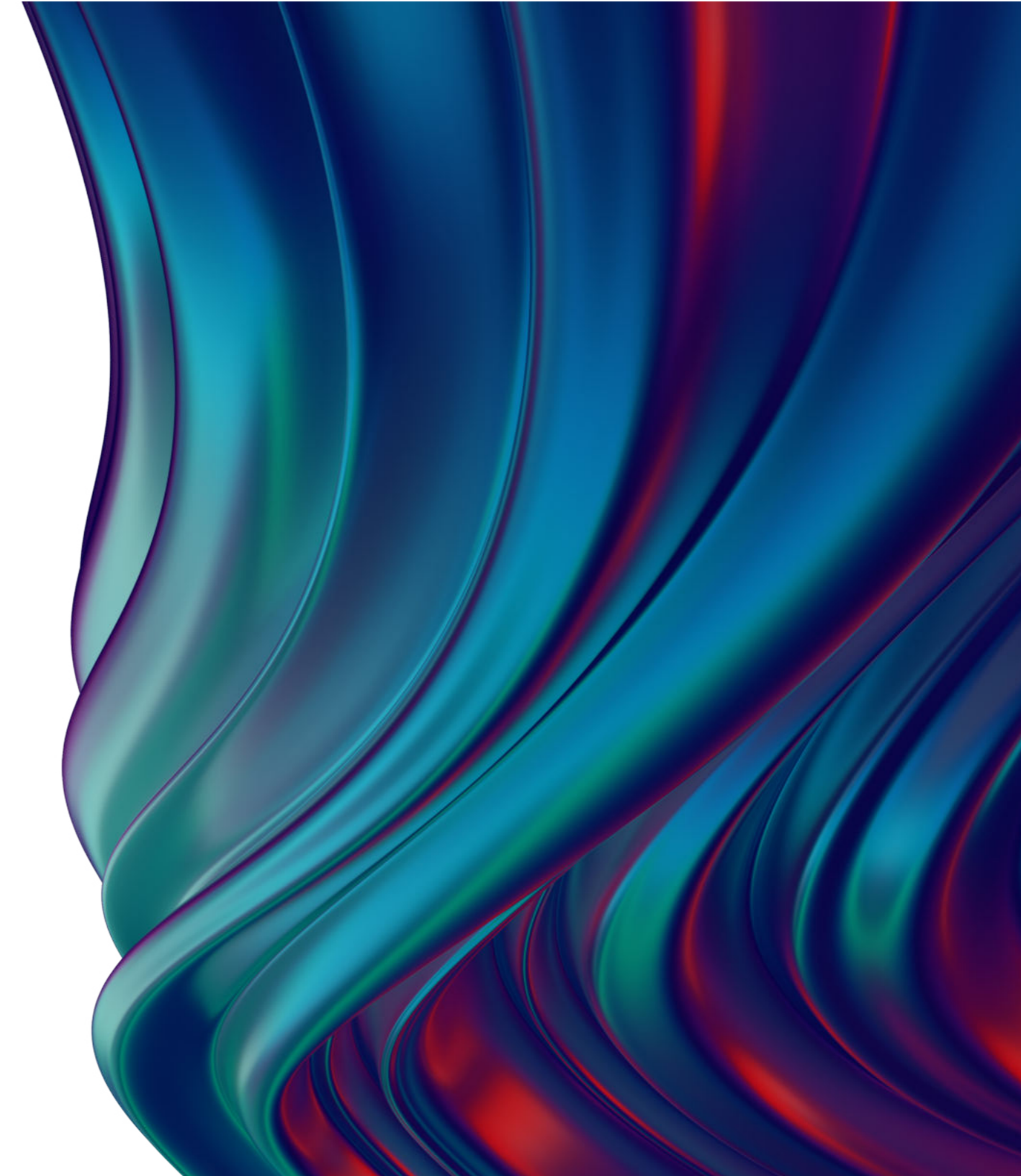
- Building and maintaining transparent relations
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” I think the key to building a well-functioning business is to create teams. It is important to look for people who are more competent than we are in areas where they can complement us. And then to empower them and entrust them with decisions and responsibility for their actions. The second element, very important in my opinion, is to anchor the business in specific and real values, as well as to implement them the company’s strategy. I have always prioritised the family, education and support for the local community. Loyalty to these values, not only on my part, but also on whole team’s (as this is the only way in which they can have a real impact), led us to this year’s 25th anniversary, as well as to founding Czepczyński Family Foundation in 2019.”



Artur Czepczyński / CEO

Introduction

This document was created as part of the project „Establishment of the ESG Report for ABC Czepczyński” carried out in the period 24.03-30.06.2023 by Grant Thornton.

All information collected during Stage 1 was reviewed, analysed, conclusions were drawn and the Grant Thornton Team prepared recommendations for further actions.

1 ESG STRATEGIC BALANCE

2 IN-DEPTH INTERVIEWS

3 ESG WORKSHOPS

The effect of Stage 2 is this ESG Report – Opening Balance, which consists of two key chapters:

1 RESPONSIBLE MANAGEMENT

2 POLICIES AND ACTIVITIES RELATED TO SUSTAINABLE DEVELOPMENT

Mission and values



DNA of ABC Czepczyński

Sustainable development is part of ABC Czepczyński's DNA. The Company's sustainability activities can be assessed on the basis of previous activities in this respect. In the interests of its key stakeholders, the Company has prepared this ESG Report in order to systematise its activities in sustainable development and create assumptions for the ESG strategy, as well as to show its conscious actions in ESG to the Company's Customers, Suppliers and Employees.

ABC Czepczyński continuously educates its management and Employees and builds their commitment to broadly understood sustainable development, taking care of responsible corporate governance and conscious management of social and environmental impact. The Management Board makes every effort to ensure that the Company is both the best place to work and a trustworthy brand.

Value chain

External partners, including Customers and Transport Service Providers, play an important role in the Company's value chain and business model.

Within the Integrated Management System (IMS), the Company has identified two management processes, three main processes and one ancillary process.

The Company is aware of the expectations our partners have, especially the Customers, with regard to responsibility for services rendered throughout the value chain and in the area of sustainable development. Due to these expectations and in accordance with its own values, the Company prioritises the standards of cooperation with suppliers.

In order to ensure safety in the value chain, the Company has clearly defined formal rules and procedures of cooperation:

- The principles of establishing relationships with Subcontractors, including the management of liabilities (also overdue) are defined in the ISO 9001 procedure.
- Cooperation is based on written contracts and standardised terms and conditions of service, as well as in accordance with the Anti-Corruption Policy and the Company's Code of Conduct.
- The rules describe systemic payment notifications via the SCL platform.
- The terms and conditions of cooperation are reliably communicated to subcontractors.
- The Company also conducts reliable verification of Customers and Subcontractors before commencing cooperation.

Business model



UN Sustainable Development Goals

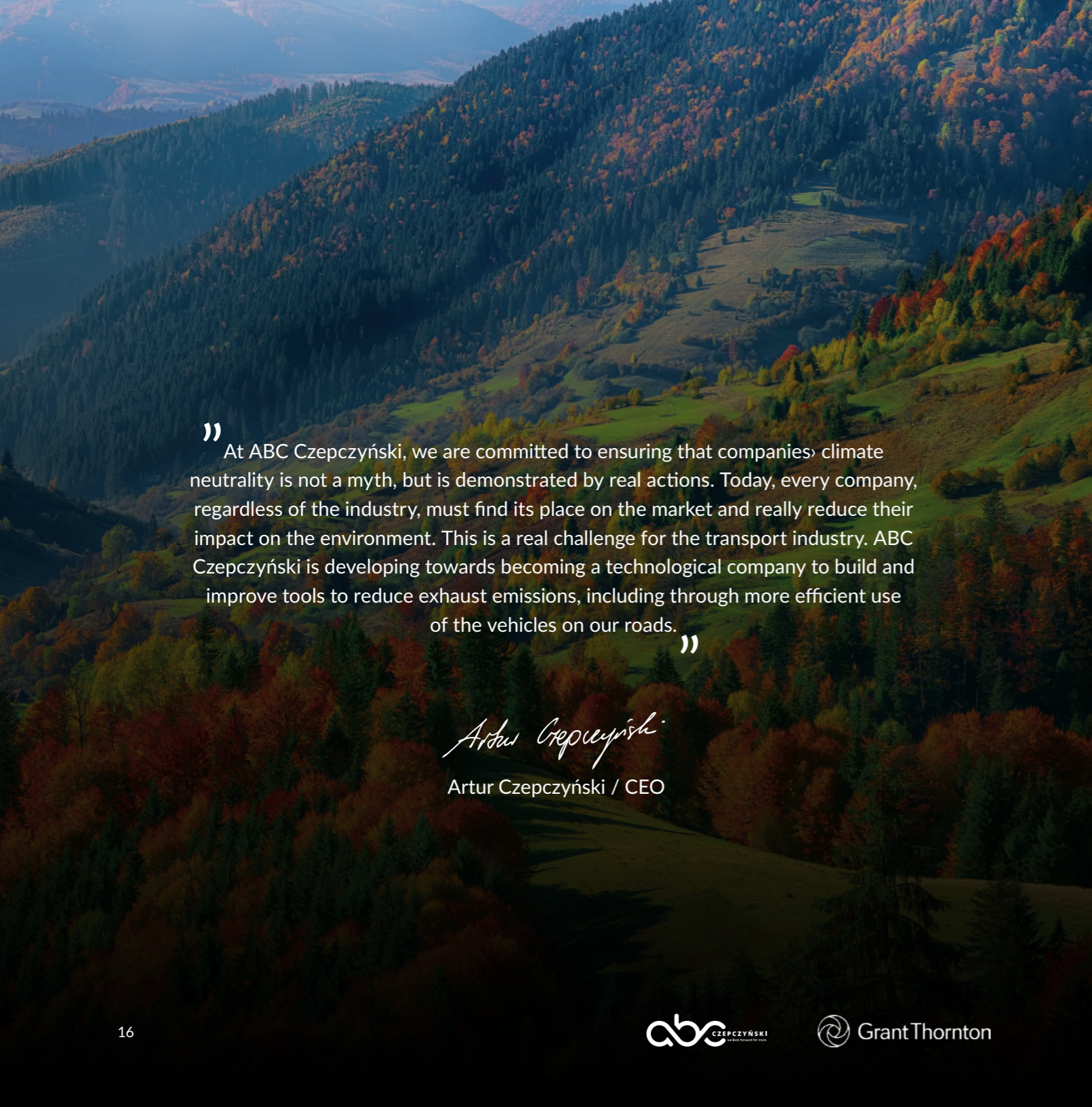


<p>01. NO POVERTY</p>	<p>02. ZERO HUNGER</p>	<p>03. GOOD HEALTH AND WELLBEING</p> <ul style="list-style-type: none"> » Pro-social organizational culture » Safe workplace » Implemented safety systems
<p>04. QUALITY EDUCATION</p> <ul style="list-style-type: none"> » Employee development 	<p>05. GENDER EQUALITY</p> <ul style="list-style-type: none"> » Equal treatment 	<p>06. CLEAN WATER AND SANITATION</p> <ul style="list-style-type: none"> » Reduction of water consumption
<p>07. AFFORDABLE AND CLEAN ENERGY</p> <ul style="list-style-type: none"> » Use of renewable energy sources 	<p>08. DECENT WORK AND ECONOMIC GROWTH</p> <ul style="list-style-type: none"> » Research & Development » Defined ESG goals 	<p>09. INDUSTRY, INNOVATION, AND INFRASTRUCTURE</p> <ul style="list-style-type: none"> » Cooperation in the supply chain

<p>10. REDUCED INEQUALITIES</p> <ul style="list-style-type: none"> » Promotion of CSR and ESG activities 	<p>11. SUSTAINABLE CITIES AND COMMUNITIES</p> <ul style="list-style-type: none"> » Awareness of ESG » Environmental protection 	<p>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <ul style="list-style-type: none"> » Waste management » Optimisation of material consumption
<p>13. CLIMATE ACTION</p> <ul style="list-style-type: none"> » Reduction of CO2 » ESG risk management 	<p>14. LIFE BELOW WATER</p>	<p>15. LIFE ON LAND</p> <ul style="list-style-type: none"> » Biodiversity
<p>16. PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <ul style="list-style-type: none"> » Relationships with counterparties » Reliable and ethical marketing » ESG risk management 	<p>17. PARTNERSHIP FOR THE GOALS</p> <ul style="list-style-type: none"> » Cooperation in the supply chain » Defined ESG goals 	

E-Environment

POLICIES AND ACTIVITIES RELATED TO SUSTAINABLE DEVELOPMENT

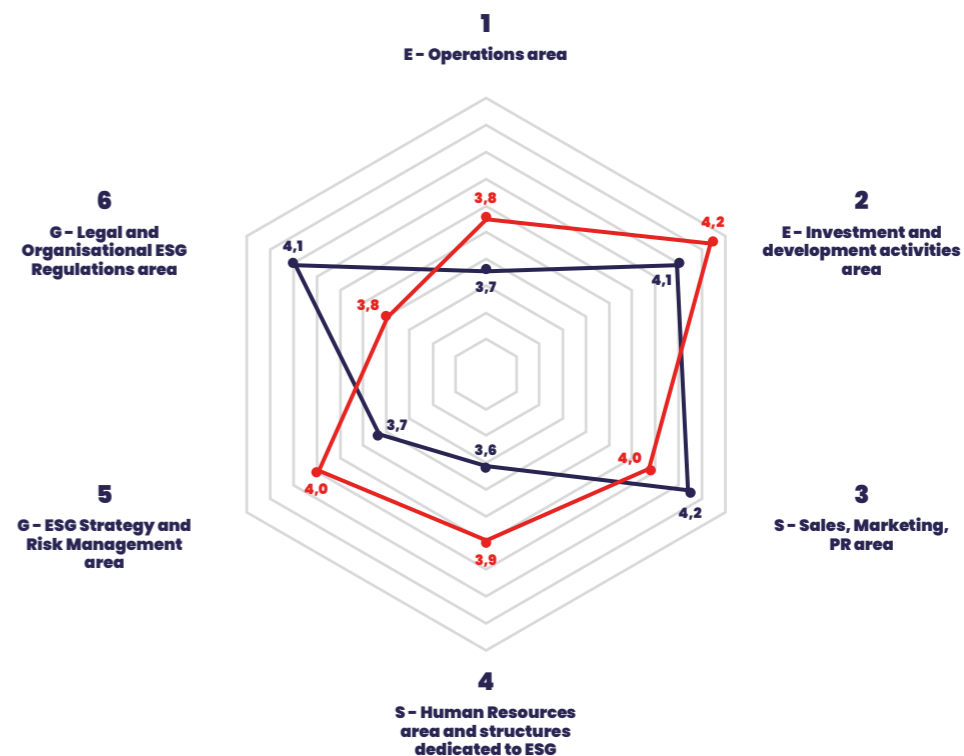


” At ABC Czepczyński, we are committed to ensuring that companies’ climate neutrality is not a myth, but is demonstrated by real actions. Today, every company, regardless of the industry, must find its place on the market and really reduce their impact on the environment. This is a real challenge for the transport industry. ABC Czepczyński is developing towards becoming a technological company to build and improve tools to reduce exhaust emissions, including through more efficient use of the vehicles on our roads. ”

Artur Czepczyński
 Artur Czepczyński / CEO

RESULTS OF ABC CZEPCZYŃSKI'S ESG BALANCE

ENVIRONMENTAL FACTORS IN THE COMPANY'S OPINION



CURRENT LEVEL
 in the organisation in relation to the industry

1 - unsatisfactory
 5 - very good

SIGNIFICANCE IN THE ENVIRONMENT
 of the organisation in the near future (for customers/contractors)

1 - will decrease significantly
 5 - will increase significantly

Reduction of CO₂ emissions



SafeCargo TMS operating system

SafeCargo TMS operating system, which undergoes constant improvement, based on which the SCL platform (SafeCargo.LINK) was also created.



Sustainable rolling stock

In its respect for the environment, the Company prefers cooperation with transport companies which have new rolling stock meeting high emission and noise standards (EURO 5 and EURO 6).



KOBiZE

The Company is registered in KOBiZE (National Centre for Emissions Management), where it reported all fuelpowered (petrol, oil and diesel) vehicles as a source of CO₂ emissions and reports annual gas emissions.



21% fleet electromobility

ABC Czepczyński also focuses on electromobility. The Company partially replaced its fleet with electric vehicles. To use them, the Company has installed an electric car charging station powered by its own photovoltaic panels.



Fleet work time optimisation

The Company has already started activities related to the elimination of empty kilometres by combining loads, organising cargo transport routes in a closed loop (departure-arrival). Monitoring (geolocation) allows the company to minimize downtime and better plan loading/unloading operations thanks to continuous ETA (Estimated Time of Arrival) updates.



The company's initial plans

As regards the carriers fleet:

- Within the next two years, limit itself to using a fleet meeting the EURO 6 emission standard, and in one year start monitoring cars with EURO 6 emission standard among Subcontractors.
- Achieve maximum utilisation of the cargo space as soon as possible.
- Partially use intermodal transport. The initial assumption is to achieve a 5% share of modal transport in total cargo transport.
- Within the next year, introduce regular monitoring of “empty” kilometres, and within 3 to 5 years, fully eliminate “empty” kilometres though the use of all planned functionalities in the proprietary TMS system.
- Use CO2 compensation mechanisms – natural (planting trees to absorb CO2), investments in green projects of other companies in exchange for a white certificate.

As regards its own fleet:

- Within 2-3 years, only use electric cars in business trips of up to 200 km.
- Within 1-2 years, train all Employees on eco-driving.
- Within a few years, replace the entire fleet with electric vehicles – based on an analysis of the possibility to use electric cars for all business trips.

Other areas – the company:

- intends to implement completely electronic document circulation within 1-2 years,
- plans to reduce the purchase of products in disposable packaging,
- also within 5-7 years considers transforming the Company’s headquarters in Międzychód into a “intelligent building” by installing intelligent media management systems (energy, water, heating, air conditioning, roller shutters, etc.).



Top 4% of companies in the transport industry and logistics - Silver Certificate EcoVadis 2022.

Activities in the area of environment

The Company reduces energy consumption in many ways, from changing daily habits of employees through energy-saving IT solutions to using energy from renewable sources

An infographic grid of 15 environmental activities, each represented by a green circular icon with a white symbol and a text label. The background is a dark, atmospheric photograph of a forest with mountains in the distance, reflected in a body of water.

ONGOING MONITORING OF ENERGY CONSUMPTION	100% OF ENERGY-SAVING LIGHT BULBS	EDUCATION IN ENERGY SAVING
29,7 KWP PHOTOVOLTAIC PANELS	MINI PCS OR LOW POWER TERMINALS	INTELLIGENT ATMAN SERVER ROOM AND MICROSOFT AZURE CLOUD
FAUCET AERATORS INSTALLED ON TAPS	DISHES ONLY WASHED IN DISHWASHERS	TWO-BUTTON FLUSHES IN TOILETS
ONGOING MONITORING AND REPAIRING LEAKS	EDUCATION IN WATER SAVING	FULL WASTE SEGREGATION
SECOND LIFE OF IT EQUIPMENT	ELECTRONIC DOCUMENTS FLOW SYSTEM	

Research and development activities

ESG activities are one of the Company's priorities, which is why ABC Czepczyński undertakes joint research and development activities with various organisations, including cooperation with academia and social and institutional partners.

- National Centre for Research and Development
- Poznań Supercomputing and Networking Centre
- Poznań School of Logistics
- Czepczyński Family Foundation
- R&D team of ABC Czepczyński

TYPE OF EXPENDITURE	YEAR 2021	YEAR 2022
Operating expenses	PLN 183,318,825.10	PLN 208,018,108.99
NCBR	PLN 471,318.01	PLN 4,863,351.05
Total expenditure on ESG research and development	PLN 471,318.01	PLN 4,863,351.05
% share in total operating costs	0,26%	2.00%



Number of internal projects



Number of employees involved in projects



Number of integrated information systems



Active customers connected by integrations



Number of successfully implemented internal projects since 2019



Number of employee hours spent annually on development projects

S – Social

SOCIAL POLICY ACTIVITIES



” I created teams for all my life. I have built a boat and handed it over to the Employees, a let them freely go to manage and, above all, feel responsible for their actions. I feel great satisfaction giving work to so many people. ”

Artur Czepczyński

Artur Czepczyński / CEO

Building and maintaining transparent relations

The Company's actions are based on principles derived from the experience of family companies. The standards adopted in the Company are based on well-understood business ethics.


Building and maintaining transparent relations with Customers, Subcontractors, Contractors, including informing in a full, transparent and reliable manner about the offered services, commercial terms, payments and complaints constitutes the foundation of ABC Czepczyński's operation. The basis for building and maintaining good relations is the quality of information and contracts.

According to ABC Czepczyński's, the aim of the Company „is to work with Customers for whom safety and service quality are key criteria in the selection of business partners”.


Quality

The Company undertakes to select the appropriate Carrier with due diligence by collecting relevant information about the contractor and verifying its activity in terms of the quality of services provided and the use of the appropriate means of transport.


In order to achieve the measurability of the quality of its services and services of Subcontractors and its efficiency, the Company has introduced internal Key Performance Indicators (KPIs):




NUMBER OF FREIGHT ORDERS EXECUTED ON TIME




EMPLOYEE INVOLVEMENT LEVEL



MARGIN FOR INDIVIDUAL CUSTOMERS/INDUSTRIES/MARKETS



NUMBER OF POSITIVELY VERIFIED CARRIERS



NUMBER OF VEHICLES ORDERS VS. NUMBER OF VEHICLES DELIVERED

Certificates

In order to ensure the highest quality, the Company has implemented:

- **Quality Management System according to ISO 9001**, influencing the improvement of service quality assurance mechanisms,
- **ISO14001 Environmental Management System**, ensuring care for the environment,
- **IFS LOGISTICS 2.3:2021 Food Safety Management System** which guarantees the safety and integrity of food throughout the supply chain,
- **GDP Good Distribution Practice standards** ensuring that the medicinal product delivered maintains the required quality, comes from a legal source and remains in the legal supply chain during storage and transport.







Reliable information

The Company uses standardised commercial documents (selected for the type of goods).

All necessary information is communicated in a transparent and fair manner:

- described in the Company's procedures,
- included in orders accepted by the Contractor,
- available on the SCL platform,
- specified in contracts and terms of cooperation,
- presented at meetings.

Poszczególni Pracownicy działów dbają o prawidłowy przebieg relacji z Klientami i Przewoźnikami:

- BDM (Account manager) from ABC Czepczyński agrees on the terms and conditions of cooperation with the Customer,
- The Forwarder is responsible for accepting and executing the order, proper selection of the Carrier, providing instructions to the Carrier, monitoring the order and informing the Customer about its execution, and in the case of a complaint, it implements the complaint procedure.

The Company also provides **comprehensive information on the services offered, the Company's financial standing and cooperation with insurers** at the request of each Contractor.

Complaints

Complaints are resolved in accordance with the "Complaints" procedure included in the Quality Manual, which includes:

- The Form. Complaints sheet.
- Instructions. Complaints, Disputes.
- Appendix No. 1. General diagram of complaint handling.

Supplier verification

In order to provide the Customer with the highest level of security of services, the Company chooses Subcontractors with great care. The main emphasis is on verification and checking the Carrier from whom the transport service is ordered.

To this end, the Company has created a unique **SafeCargo controlling system** that ensures safety throughout the entire transportation process from Carrier selection and cargo receipt through monitoring the ongoing execution of orders to delivery of cargo to destination.

The purpose of the verification is to eliminate dishonest companies and identify any formal and legal deficiencies.

Reliable and ethical marketing activities

In its marketing activities, ABC Czepczyński focuses primarily on informing about the quality of its services, activities in increasing security in the supply chain, innovative technological solutions and the Company's activities in the area of CSR.

The Company ensures that all publicly available marketing information and communications are always clear, unambiguous and reliable.

The main marketing channels are:

COMPANY WEBSITE



COMPANY PROFILE ON SOCIAL MEDIA, FACEBOOK, LINKEDIN, YOUTUBE



Promoting the Company's CSR and ESG activities

The Company's policy to promote sustainable development activities is increasingly broad. This ESG – Opening Balance Report is the Company's first sustainability report.

However, the Company informs about its activities in sustainable development during such event as trainings, own and the Customers' events, as well as in meetings with Customers and Business Partners.

ABC Czepczyński also conducts intensive communication activities in social media and has a dedicated CSR tab on its website: CSR - ABC Czepczyński (<https://abc-czepczynski.pl/en/csr-en/>).

The Company conducts many CSR activities through the Czepczyński Family Foundation and information about these activities is available on the Foundation's website: Czepczyński Family Foundation (<https://cff.edu.pl/en/>).



CFF CZEPCZYŃSKI FAMILY FOUNDATION

Based on many years of CSR activities of ABC Czepczyński and companies belonging to our group, Czepczyński Family Foundation was established in 2019. The Foundation specialises in the development of children's education, primarily in increasing accessibility and raising its quality. Its flagship projects are ABC of Economics and ABC of Empathy, addressed to kindergartens and primary schools.

Providing a safe workplace



**REGULATIONS,
INSTRUCTIONS**



**CRISIS MANAGEMENT
TEAM**



**AWARENESS-BUILDING
AND EDUCATION**

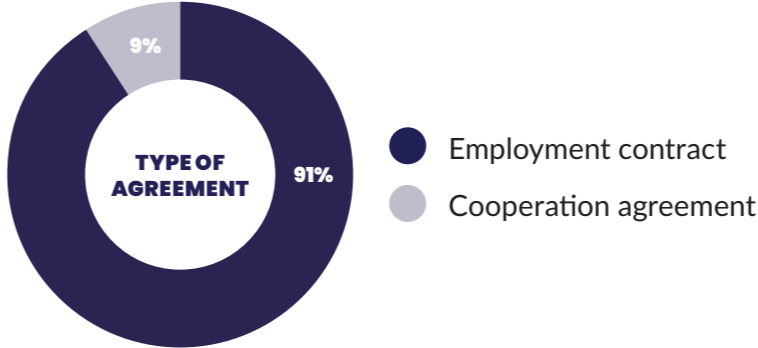
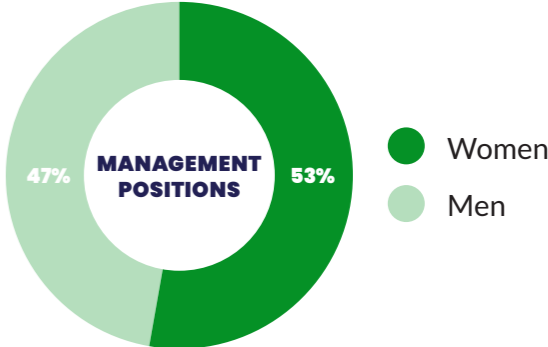
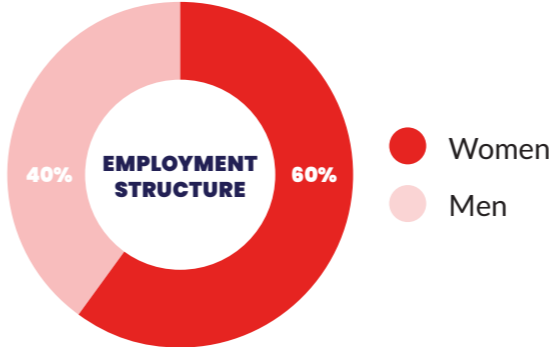
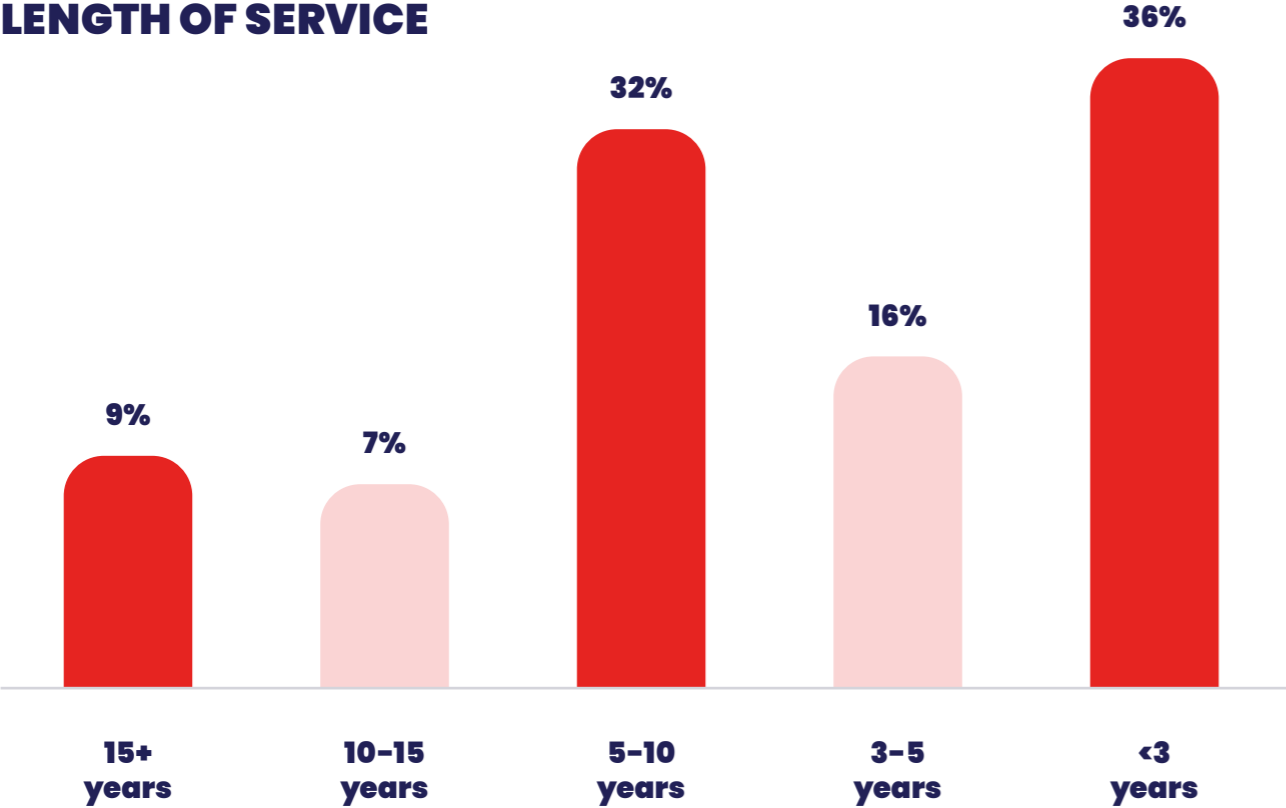
- OHS training for new employees
- Regular Evacuation Exercises



Quality, environmental and safety management system for consignments of medicinal products and food

Fair treatment and a friendly workplace

LENGTH OF SERVICE



Of the employees, **60% ARE WOMEN.**

In 2022 38 people were employed in managerial positions, including **20 WOMEN.**

Almost **50%** of employees have worked in the Company for more than **5 YEARS.**

Employees with **HIGHER EDUCATION** account for more than **90%** of staff.

Fair treatment and a friendly workplace

At ABC Czepczyński people are the most important!

- Code of Conduct of the Company
- Quality Manual – HUMAN RESOURCES CHAPTER Work Regulations
- Job cards
- Employee remuneration regulations
- Training procedure
- Regulations for counteracting mobbing and discrimination



INTEGRATION AND MUTUAL RESPECT



PREVENTING EXCLUSION OF MINORITIES



PROJECT ABC OF EMPATHY



POSITIVE ATMOSPHERE AND PARTNERSHIP



COUNTERACTING MOBING AND DISCRIMINATION



RAISING AWARENESS



FREEDOM OF SPEECH AND OPEN COMMUNICATION



EQUAL TREATMENT OF WOMEN



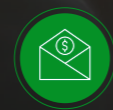
EMPLOYEE APPRECIATION DAY



JUST REMUNERATION



CLEAR CAREER PATH



BONUSES AND BENEFITS

Employee development and ESG knowledge and qualifications

ABC Czepczyński offers a clear career path and the possibility of continuous upskilling

100% of employees trained in:

- ISO IFS
- Health and safety
- Countering mobbing – training ending with a test

7 conferences in which the Company's Employees participated in 2022.

59% of trainings from the past 2 years, directly or indirectly supported sustainable development in the Company.

23 trainings in the last 2 years in areas that directly and indirectly educate on tools of sustainable development, including:

- ESG reporting in practice
- ABC of Empathy – Availability Plus
- Planning R&D projects
- Preparation for the R&D project
- GDPR
- Health and safety
- Leading Women
- ISO IFS
- Prevention of mobbing
- Building the Innovations Team
- How to increase data security in the organisation?
- Automation and robotisation of the company.
- The role of IT in business in 2022
- How to prepare business for the reality of the digital world?
- Cloud in business

Organisational culture that encourages, engages and supports pro-social activities

ABC of Economics and ABC of Empathy are already in:



3041

kindergartens and elementary schools



100

hospitals



200

foreign facilities



Pro-social awareness-building

The Company owner Artur Czepczyński has been involved in CSR activities for many years and also encourages Employees to do so. Actions taken by the Management Board are aimed at increasing employee awareness and engaging the Personnel in CSR activities.

The Company also undertakes regular cooperation with the Responsible Business Forum, with which it develops standards of CSR activities in Poland.

The Organisation's capacity to initiate and take actions in CSR and sustainable development is high. The Company encourages Employees to take pro-social actions and offers a wide range of activities in which each Employee may participate.

Employee awareness and commitment to sustainable development is constantly increasing. The involvement of Employees in projects and charitable events is particularly high.

The Company's Management Board has created special funds for the implementation of charity initiatives indicated by the Employees. Teams have been established to carry out activities for the benefit of the local community.

As part of numerous employee initiatives, collections are organised for the Great Orchestra of Christmas Charity Foundation, the Noble Gift, for the Children's Home and an animal shelter. The Company and Employees were also actively involved in helping Ukraine, including by raising funds and collecting necessary items for Ukrainian refugees.

Pro-social cooperation

The Company cooperated with UNICEF Poland on several projects:

- as part of the “Gifts without a box” it supported those in need around the world,
- as part of the “ABC of Economics for UNICEF” project, the Company transferred PLN 4 from each copy of its books sold to help children in developing countries,
- as part of the “Together for UNICEF” project, the Company engaged its Business Partners in assisting others – for each order executed for the Partner, the Company transferred EUR 0.5 to those in need,
- as part of the “Employees for UNICEF” project, the Company and its Employees organised a Day with UNICEF to promote the concept of humanitarian aid.

Cooperation with european parliament representatives

- Organisation of working meetings with EMPs in order to approximate the concept of education in finance and inclusion..

Cooperation with the european economic and social committee:

- In April 2022, at the invitation of the EESC, representatives of the Foundation attended a youth entrepreneurship conference. It was an opportunity to present an educational project in finance and inclusion. Both projects were very popular among representatives of the EESC.

The activities of ABC Czepczyński were also noticed by the media. ABC Czepczyński's involvement and initiatives in pro-social projects were covered by: TVN24, Gazeta Wyborcza, Biznes24, Polskie Radio PiK, Polskie Radio Rzeszów, DDTVN.

Czepczyński Family Foundation

In 2019, after many years of CSR activities of ABC Czepczyński, Czepczyński Family Foundation was established. The Foundation specialises in the development of children's education. CFF projects:

- **ABC of Economics** - a project related to economic and financial education of children and youth, the aim of which is to disseminate economic and financial education among preschool and primary school children,
- **ABC of Empathy** - activities for people with disabilities, which constitute the Company's contribution to initiatives to eliminate barriers and stereotypes related to people with disabilities.
- **Edu-Skarbonka** – a collection portal where parents can join forces to fund finance and inclusion classes in their children's school.

In 2022 Artur Czepczyński was honoured for his commitment to good education by **Janusz Korczak Award**.

The Foundation also took an active part in the consultation process and submitted written comments to **the National Financial Education Strategy** for Poland and remains in constant working contact with the Ministry of Finance. **At the invitation of the Ministry of Finance**, it also actively participated in the event in April 2023, during which the Ministry of Finance, OECD and DG REFORM.

CFF CZEPCZYŃSKI
FAMILY
FOUNDATION

G – Governance

POLICIES AND ACTIVITIES IN THE AREA OF CORPORATE GOVERNANCE

Level of awareness and structure of ESG

Structures responsible for ESG activities in ABC Czepczyński

CSR activities

- In cooperation with Chief Operating Officer/Board Member, Czepczyński Family Foundation

Mobbing and discrimination offences

- Committee for Counteracting Mobbing and Discrimination

Compliance with the company's code of conduct

- Compliance Team

Environmental elements within the scope of certificates held

- Quality Department
- Integrated System Improvement Team
- Integrated Management System Improvement Representative



President of the Management Board of ABC Czepczyński

ARTUR CZEP CZYŃSKI

supervises the implementation and execution of the Company's ESG activities, including CSR and the Corporate Compliance system

ESG risk management

Forecasting trends and changes in the environment, including in sustainable development, is the company's strength

- External studies and reports
- Training
- Congresses and conferences
- Own analyses, including SWOT

This competence allows the company to identify and manage risks

For projects

- political risk
- economic risk
- social risk
- technological risk

For consignments of medicinal products and food (HACCP Hazard Analysis and Critical Control Points)

- microbiological hazards
- chemical hazards
- physical hazards

For the Company's business and purposes

- risk of decreasing available rolling stock at subcontractors
- risk of overdependence on one or more clients
- risk of losing the entrusted cargo
- foreign exchange risk
- risk of increased employee turnover
- risk of downturn
- risk related to unstable geopolitical situation

Risk analysis of the integrated management system

Within the Integrated Management System ABC Czepczyński analyses and manages risks related to the performed services of consignments of medicinal products and food.

Risk analysis is performed in Hazard Analysis and Critical Control Points.

This approach makes it possible to ensure food safety by identifying and estimating the scale of risks from the point of view of food health requirements and risks during all stages of food production and sales. This system is also aimed at identifying methods of elimination or mitigation of hazards and determining corrective actions.

The risk analysis has been prepared taking into account all possible hazards that may occur in the specified stages of the process implemented by the Company and at the same time may have a negative impact on the safety of consignments of medicinal products and food.

Additionally, each project accepted in the Company must also have specified risk of its acceptance and nonacceptance and these are mainly political, economic, social and technological risks (PEST).

Insurance

Despite the lack of a statutory requirement, the Company holds civil liability insurance both for the Carrier's activity in domestic and international transport and in the scope of the forwarder's activity. **In addition, the Company insures general risks related to its business, such as environmental damage.**

Defined decarbonisation path, ESG objectives, Company strategy taking into account ESG objectives

Goals

- **Overall goal:** working with clients for whom safety and quality of service are a key element in the selection of business partners
- **Strategic purpose:** creating the optimal structure of customers / carriers and maintaining the highest quality of order execution
- **Strategic purpose:** development of the transport localisation system
- **Strategic purpose:** development of E-forwarding

Additional objectives:

- Environmental protection.
- Combating corruption.
- Quick, professional and timely implementation of the service.
- Monitoring, compliance with and meeting legal and other requirements concerning the provision of the service, environmental protection and identified environmental aspects.
- Employing competent employees, constantly improving professional skills and commitment to improving the environment.

Monitoring

The Company regularly monitors processes and parameters that support the achievement of the Company's objectives

- Key parameters for the Customer
- Performance of internal processes
- Finance

Investments

In 2022 R. ABC Czepczyński invested **PLN 5,594,887.09** in sustainable development and plans further investments for ESG development in the Company.

In its development plans, ABC Czepczyński takes into account the Company's influence on sustainable development

- Basis for development
- Optimum structure of reliable Customers
- Development of projects related to geolocation of vehicles
- Digitalisation of document flow.

Reports

The Company regularly prepares reports which constitute basis for non-financial reporting

- OBiZE Report
- Report
- CRO Report
- Audit report
- IFS Audits Report
- Ecovadis Report

TYPE OF EXPENDITURE	YEAR 2021	YEAR 2022
Operating expenses	PLN 183,318,825.10	PLN 208,018,108.99
ESG training	PLN 17,726.82	PLN 56,662.42
Multisport	PLN 3,260.40	PLN 13,420.12
NCBiR	PLN 471,318.01	PLN 4,863,351.05
Erasmus	PLN 0.00	PLN 4,145.93
Electric cars leased	PLN 646,667.18	PLN 633,669.82
Photovoltaic panels	PLN 32,071.1	PLN 0.00
Charging station	PLN 14,103.25	PLN 23,637.75
Total ESG investment expenditure	PLN 1,185,146.76	PLN 5,594,887.09
% share in total operating costs	0,65 %	2,7 %

Cooperation in the value chain

Sustainable development issues, especially in the Social Area and Corporate Governance, are specified in formal documents

- Quality Manual
- Regulations for counteracting discrimination and mobbing
- Anti-Corruption Policy
- Code of Conduct of the Company
- Remuneration Regulations
- Subcontractor verification procedure
- Procedure for preventing non-compliance with the obligation to provide information on tax schemes (MDR).

In order to continuously improve the quality of the service and monitor the procedures applied in the Company, the structures established for this purpose are

- Legal Department
- Quality Department
- Internal auditor
- Compliance Team
- Compliance Officer
- Complaints Department

ABC Czepczyński, taking care of the security of the service provided in the supply chain, takes a very reliable approach to verifying the Contractors.

The Company has an anti-corruption policy in place.

In ABC Czepczyński, the standard is to seek an amicable solution to disputes within the value chain

- Complaints Procedure P07 is described in the Company's Quality Manual.
- There is a separate Complaints Department in the Company, cooperating with the Legal Department and persons designated to handle particular Customers.
- The operations team is responsible for first contacting and explaining problems with the Customer.

01

Analysis of Carriers and their Rolling Stock

02

Assessment of the Carrier's reliability and honesty

03

Verifying at least 3 offers placed on the SCL Platform (Exchange)

04

Negotiations of the terms of the order

05

Acceptance of the terms and conditions and order execution

06

Monitoring order execution

Implemented cybersecurity systems

The effectiveness of activities related to cybersecurity is confirmed by internal and external audits:

- DCOS-4,
- ISO 9001:2015,
- Internal data protection system



TMS

Due to the need to adapt IT systems quickly to changing market needs, we have developed our own IT system, TMS class. Through this, ABC Czepczyński can integrate with other external systems, which accelerates the decision-making process while maintaining data confidentiality and unlimited development opportunities.

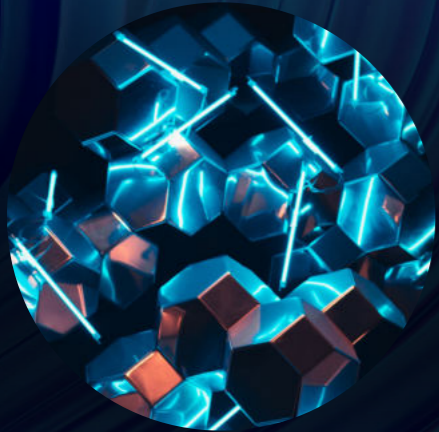


Digitalization

We have introduced a full electronic flow of documents inside the company. By 2025, we will be ready to automate invoicing, electronic carrier service system, full integration with accounting and reporting systems of our contractors.



Implemented cybersecurity systems



Big data & cloud

Through automation of processes based on smart cloud solutions, as well as BIG DATA resources, we acquire new knowledge to adapt the services to market needs, increase safety and to scale operating activities.



Artificial intelligence

Working with new technologies such as machine learning (ML) and artificial intelligence (AI) is a completely new challenge that we have taken up since we understood that this is the only and the right way to build a business model for the coming years.



Implemented cybersecurity systems

GDPR

The Company has a Data Protection Officer and there are procedures in place to manage the protection of personal data under the GDPR. Data protection rules have also been developed when working from home (home office).

Systems security

The IT Department provides the Company with cybersecurity at various levels though:

- **Internal data protection system**, network encryption and access to company resources via VPN, management of access rights at appropriate levels (user, group, department),
- Risk-based security management,
- Internal security audits,
- **Independent external security audits** conducted by a recognised advisory company Deloitte,
- **Security Operations Centre (SOC)** – monitoring system security in real time by the **Security Specialist Team** and SIEM (Security Information and Event Management) solutions,
- Ensuring business continuity (backup system, resource redundancy, outsourcing contracts),
- **EDI** – Electronic Data Exchange.

The effectiveness of activities related to cybersecurity is confirmed by internal and external audits:

- DCOS-4 (Data Centre Operations Standard by EPI),
- ISO 9001:2015,
- Zero Outage Programme

In 2023, the Company will undergo an external data security audit.

Ensuring compatibility with EU taxonomy

ABC Czepczyński is neither a large company nor a listed company, therefore it is not obliged to report non-financial information resulting from the European Union Directive on the sustainable development of Enterprises (CSRD).

ABC Czepczyński, identifying its significant impact on the value chain of the Customers who are subject to the reporting obligation, takes proactive actions in order to prepare its contribution to their reporting scopes, which includes publication of this ESG Report – opening balance.

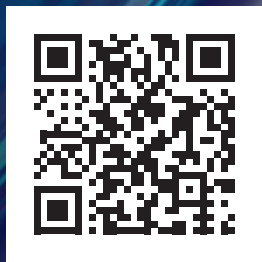
The reporting of Customers in compliance with EU taxonomy will consist in reporting the activities of the Client Company itself for its own purposes as well as the activities of its suppliers, business partners and other related entities.

Summary

The Company is aware of the importance of sustainable development and issues related to the environment, society and corporate governance (ESG) are part of the Company's daily business.

ESG report – opening balance of ABC Czepczyński is the first sustainability report.

Despite the fact that the Company is not obliged to prepare non-financial reports, being aware of the needs of the Customers from the value chain and looking at its own values, the Company decided to create a document summarising all previous actions, supporting broadly understood sustainable development and constituting a starting point for the preparation of ESG Reports for subsequent years.

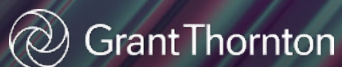


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