

2017 Allegro
Corporate Social
Responsibility Report



allegro

Sharing smiles

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01

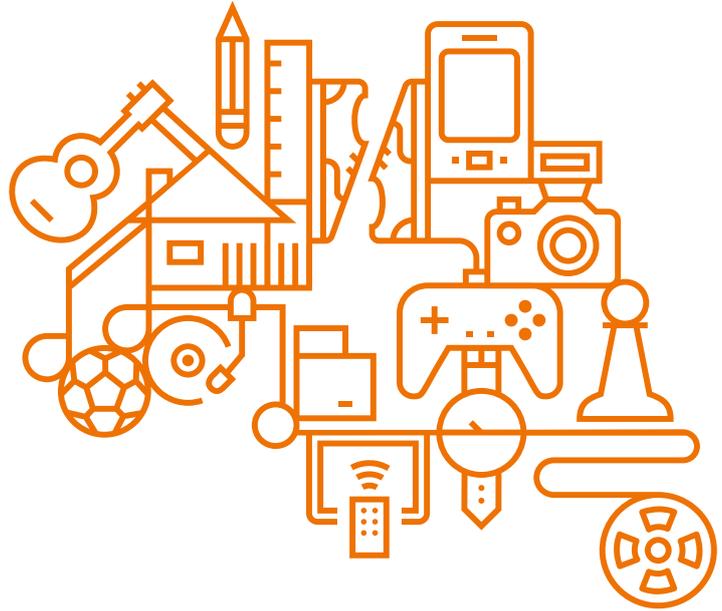
ALLEGRO – WHO ARE WE?

We are the leader in commerce in Poland, supporting millions of customers with our modern technological solutions. We have been pursuing the same goal for 18 years – delivering smiles.



LETTER FROM THE MANAGEMENT BOARD

**We have been sharing smiles
with Poles for 18 years**



We closed 2017 satisfied with our performance and full of ambitious plans for the future. In everything we do, we rely on data, and they speak for themselves. Allegro currently stands for 90 million listings a month, 100,000 small and medium enterprises selling on the platform and 21 million registered accounts. We are happy about our results but we don't rest on laurels. The Polish e-commerce market still offers great business development opportunities and, as the leader, we want to take maximum advantage of them. Celebrating the 18 years of our presence on the Polish market, we have looked at our previous accomplishments with satisfaction but we have been equally eagerly planning for the future. We are aware that the sector we are a part of is developing at a breathtaking pace and we also need to keep changing to keep up. That is why we have invested (and continue to invest) in the development of new services and products for our customers and business partners. Software on the platform is deployed 13,000 times a year. We want to create an even better shopping experience because we know that it will translate directly to higher sales generated by our partners. Some of the changes we introduced in 2017 that deserve a mention include:

- A uniform look of the listings, which makes it easier for the customers to find the information they need to make their purchase decisions

- Introducing a number of additional parameters. This allows to search quicker and more accurately.
- Option to insure selected products
- A range of financial services and Coins, our loyalty program
- Lower costs and more convenient shipping options thanks to new contracts with logistics operators and the growing network of collection points. We have also introduced the Evening Courier delivery service. We have organised, for the first time, a Free Shipment Week before Christmas
- Changes in the discussion feature, which guarantee a response from the customer within 24 hours, and make it easier for sellers to manage this process

We have also increased employment, staffing our technology and customer service departments better. The Allegro team grew to 1,500 people, half of whom are the best technology experts in Poland. We know that it is this field of expertise that will ensure the best shopping experience to our customers. On the one hand, technology needs to support a fully operational and intuitive platform, on the other, our team of consultants needs to ensure top-quality customer service. Only then will we be sure that we will fulfil the promise made to our customers: best prices, best choice and absolutely safe shopping. However, for 18

years now, there has been something more important at Allegro...

It is often said that innovations, not organizational agility, are the road to true success in business. We here at Allegro have a different view. Without the synergy of the two, Allegro wouldn't be in the place it is right now: the e-commerce leader in Poland. It's not only about being successful but also how you get there. There are certain terms on which we work at Allegro we like to call rules of the game. In 2017 we added two new ones: responsibility and consistency in action. We uphold them every day at work, and together with the power of data, usefulness, courage and cooperation, they define who we are. They perfectly reflect our approach to corporate social responsibility.

As the market leader, we feel an obligation to have a positive impact on our environment. To be responsible and consistent.

As regards Allegro's corporate social responsibility, it's important to answer one particularly important question: what do we really want to achieve with our business. Read the report and see for yourself how we do it. As a business, we contribute to the development of the entire e-commerce market: directly and indirectly, by educating and placing emphasis on the professionalisation of our sellers. We have always done business in Poland and it's here that we pay taxes, contributing to our common budget. We do all this with our customers in mind. We asked them about their most interesting memories associated with Allegro as part of our 18th anniversary competition. We got 156,000 responses! Many of them are very personal stories. It turns out we have quite a contribution not only to economic growth but also population growth :). All these stories prove that Allegro is a tool that is used to achieve other important goals: make close ones happy or save time to spend more of it with the family. We're happy to have maintained this unique quality for years and we hope we'll continue to be ourselves for another 18 years or longer.

Management Board of Allegro.pl



P. Szybiak

Piotr Szybiak



D. Zapłata

Damian Zapłata



Jon Eastick

Jon Eastick



OUR BUSINESS

Allegro: from a start-up to the largest trading platform

Allegro is one of the biggest e-commerce companies in Poland and Europe, and relies on modern technologies. Since 1999, Allegro has been making shopping easier for Poles, offering the best prices, comfort and absolute transaction security.

21 million accounts have so far been created on the platform. Every day customers buy over million products, 90% of which are new items, sold at a fixed price, with a warranty and recently even insurance. Thanks to the cooperation with partners from the financial sector, it has been possible for Allegro to also offer other modern on-line services, such as 0% financing and leasing. There are 100,000 businesses selling through Allegro: not only leading global brands but mostly small and medium Polish trading companies. This allows Allegro to keep contributing to enhancing standards on the e-commerce market, protecting the rights of the consumers and fostering entrepreneurship.

Allegro was established in 1999 in Poznan, and today has offices also in Warsaw, Torun, Wroclaw and Krakow. Initially the company was run by a few people from the basement of a computer hardware wholesaler, and the

first version of the site fitted on a single diskette. The Polish e-commerce market was still in its infancy at that time, and Allegro played one of the leading roles in its development. Since then, the company has evolved greatly over the several years: from an auction site for hobbyists to the most popular on-line shopping platforms.

Today, Allegro employs 1,500 people, half of whom are top experts in technology.

Allegro is one of the strongest Polish brands, standing out with the quality of customer services. This is confirmed by the top positions in the Superbrands, Customer Service Stars or OC&C Retail Proposition Index rankings.



Allegro in 2017



Top 10 e-commerce
platforms in Europe**



The most recognised
e-commerce brand in Poland*

For **76%** of on-line
shoppers in Poland Allegro is
the first choice site

Over **100 thou.+**
Enterprise accounts

For **71%** of Poles
Allegro is the most recognised
e-store***

Over **21
million** registered
customer accounts

*2017 Superbrands ranking
**European Retailer 500 (Top500Guide)
***"E-commerce in Poland in 2017,
Gemius survey for e-Commerce Polska" for
the Chamber of Digital Economy.

Allegro – how does it work?

Allegro is a platform that connects sellers and buyers. Our business model is based predominantly on the transaction fee. We only charge sellers when they actually make a sale. In a few categories, because of their specific nature, we charge for publishing a listing. Sellers are also offered several other paid options to additionally promote their offers. The many solutions that we keep improving allow our customers to comfortably and safely use our platform. These include, among all, the intuitive search engine, recommendations, seller evaluation, various

payment methods in the Allegro Finance scheme, and the Coins loyalty program. Customers can now take advantage of additional services without leaving the platform. The additionally offered services include buying selected merchandise in installments, as well as leasing or insuring them. All of the solutions implemented by us make the entire shopping process quick, easy and safe. Sellers have access to a convenient system for listing items for sale, managing transactions and promotion.





Maciej Biniek
Allegro Financial
Services Director



Payments are inherent in e-commerce transactions. Allegro's scale of operation and tens of millions items sold each month stand for immense potential and area an incredible challenge, not only in simple card or pay-by-link transactions but also in financial services, e.g. installment plans, loans and leasing. We will continue developing this part of our business because we believe that payment methods that customers can take advantage of to pay conveniently, quickly, and, most importantly, completely safely, are an essential part of the positive shopping experience. Mobile shopping is a particular challenge, which is why we strive to enable our customers to pay with just one click. We have recently introduced the option to insure selected merchandise thanks to the cooperation with PZU, the leading Polish insurance company. I expect 2018 to bring many more interesting solutions, both for the buyers as well as businesses selling their products on Allegro.

Allegro is a system of well thought-out services and schemes supporting business development and convenient shopping, among all:



Super Seller

A distinction awarded to customers with Enterprise accounts for meeting certain criteria, e.g. not having their accounts blocked in the past two months or having over 100 positive feedbacks concerning sale. The Super Seller flag guarantees that the purchased goods will be as described and delivered within the specified deadline.

allegro Ads

Allegro Ads

An innovative technology-driven advertising system on our platform that consists in displaying sponsored listings. It allows to present the listed item at the top of the list in the most popular categories on Allegro. Fee is charged only for clicks, i.e. for drawing the attention of a prospective customer, and the ads are displayed in a way that is as consistent with the user's queries as possible.



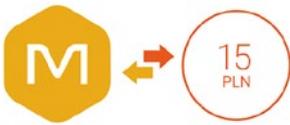
Cooperation in Protection of Rights

As part of our CPR initiative we protect: the rights of brand owners, sellers against the legal consequences of often unintentional infringements, and buyers against buying illegal products. We mainly focus our efforts on preventing the sale of illegal merchandise or products that are inconsistent with our Terms and Conditions. We react to notifications regarding infringement of industrial property rights or copyright.



Buyer Protection Scheme

We strive to make shopping on Allegro as safe as possible. That is why we have introduced the Buyer Protection Scheme. It allows customers to recover their money if they experience issues with their purchases. We refund the amount paid (up to PLN 10,000) plus the cost of shipping. Joining the scheme is free of charge, and every transaction on the Allegro platform is covered.



Allegro Coins

The loyalty program enables customers to collect coins in selected listings, which they can later exchange for discount coupons for use on Allegro. It is also addressed to the sellers, as Enterprise account holders can reward their customers with coins.



Official Allegro Store

In 2015 we joined other sellers on the platform and launched our Official Allegro Store, which operates on the same terms as every other business on the platform. This enabled us to enhance the quality of the offer and of customer service, by offering, for example, free return of products within 30 days of shipping without giving a reason.

allegro Strefa marek

Brands Zone

Space for manufacturers and official distributors of well-known brands to offer their products. Buyers can be certain that the products are genuine and of top quality.

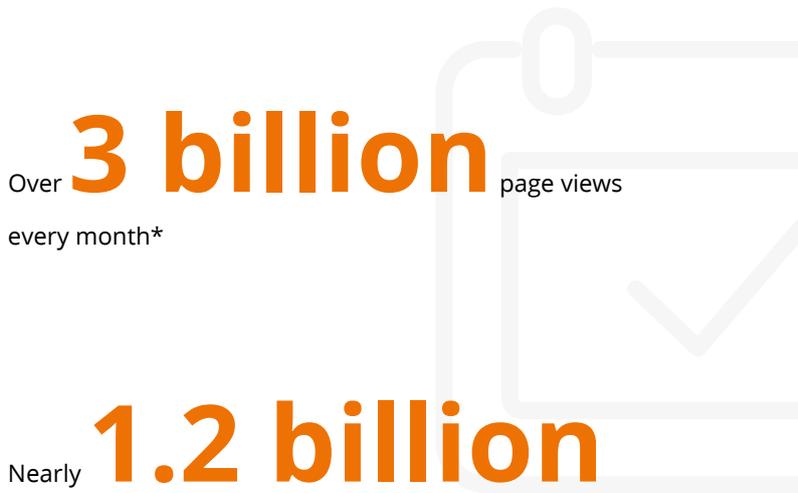
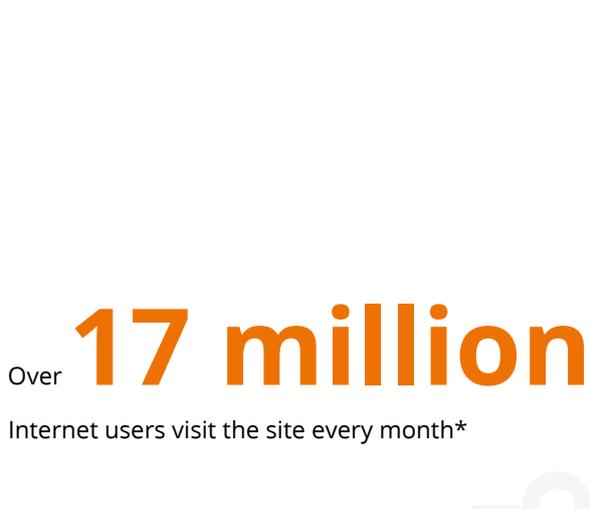
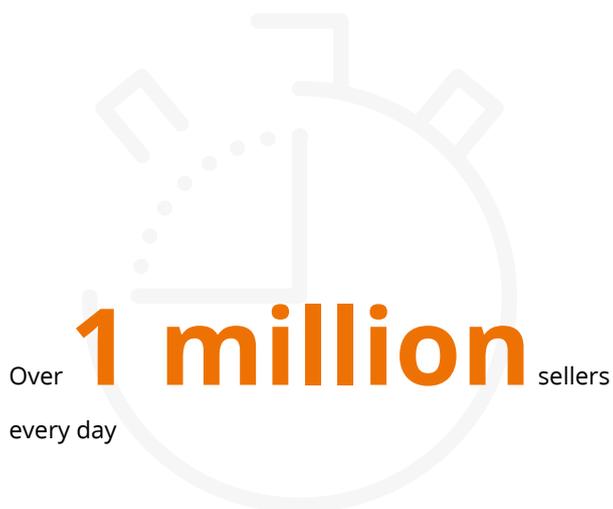


Junior account

A special type of account for our youngest customers, namely children between the ages of 13 and 18. Young customers can buy and sell items, give feedback and post on forums. However, until they turn 18 their access to certain services will be limited. To create a Junior account, they need their parents' or legal guardians' consent.

Allegro today - statistics

Thanks to our platform we connect millions of customers with sellers and we do it on an unprecedented scale in Polish business. Over 500 transactions take place every minute on the Allegro platform, and we are visited by 17 million Poles every month.



* source: Gemius



Piotr Szybiak
Chief Technology
Officer



I have worked at Allegro nearly since day one. Always on the technology team. That's why I know the history of the platform from the technological perspective very well. I can proudly talk about how much we've achieved and how many things we've managed to improve. Allegro's source code surely still includes lines of code written at the very start of our journey, yet the platform keeps evolving. The team of a few hundred engineers and developers works non-stop on improvements to our platform. Please note that the changes are introduced in real time. Unlike brick and mortar stores, we can't carry out our renovations at night or put up a "Be Right Back" sign. There is no other company in Poland like ours, that would challenge engineers with equally ambitious tasks. Creating software and IT infrastructure to support millions of searches, transactions, and listings is not an easy task, especially if you notice the positive social impact of our work. We make shopping, a tedious everyday chore, a much more convenient experience. We save time, ensure comfort, and give access to the broadest selection of products on the Polish Internet. We change people's lives for the better. This gives us a lot of satisfaction.

Allegro formally

Allegro.pl is a limited liability company registered in the National Court Register on 2 November 2017. Previously, the company was doing business as Grupa Allegro Sp. z o.o. The company's headquarters is in Poznan at ul. Grunwaldzka 182. We also have office in Torun, Krakow, Warsaw, Blonie and Wroclaw.

In March 2017 we have discontinued the allegro.de project, which meant exiting the German market. We are presently focusing on the Polish market.

We paid PLN 295 million of VAT in 2017. That's nearly as much as the entire budget of Przemysl! (the amount may change due to corrections that continue to be made)

PLN 56 million was the amount of CIT we paid in 2017.

Since 2016 Allegro is owned by a European consortium of investment funds: Cinven, Permira and Mid Europa Partners.

The company is managed a four-person*

Management Board:



François Nuyts
Chief Executive Officer (CEO)**



Piotr Szybiak
Chief Technology Officer (CTO)



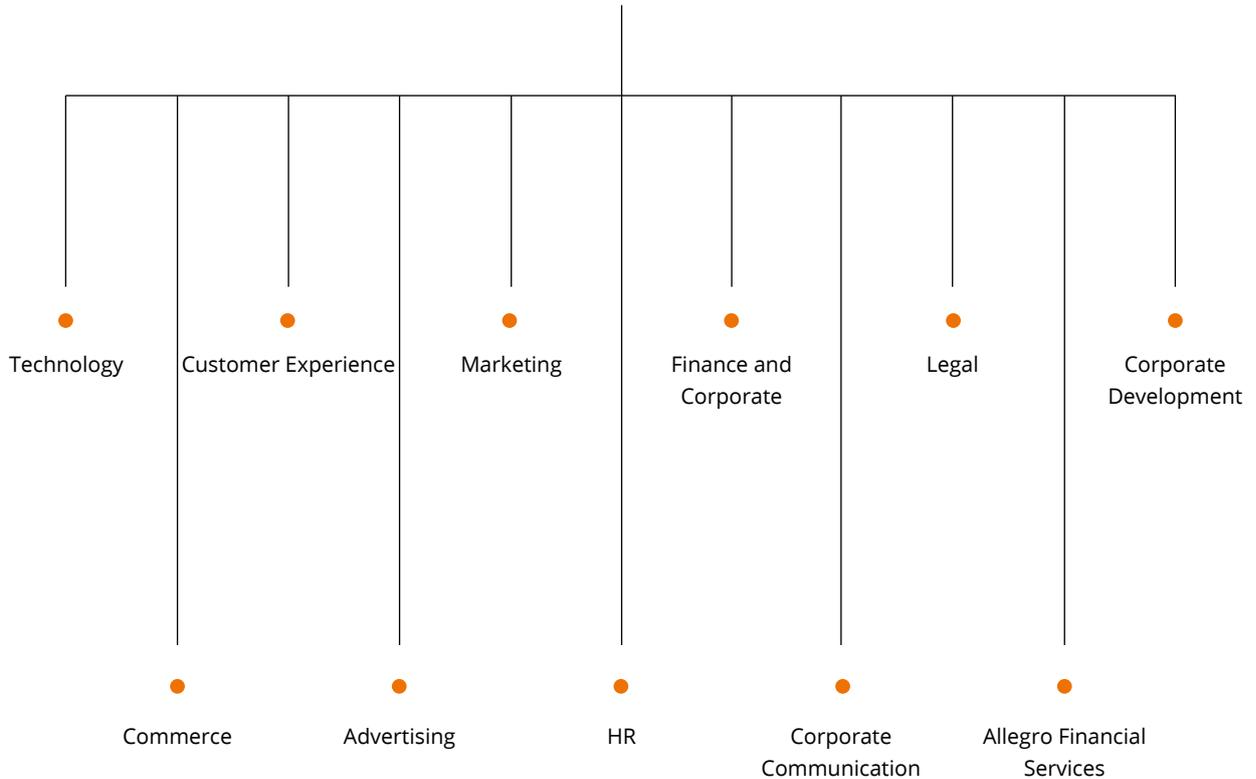
Damian Zapłata
Chief Customer Officer (CCO)***



Jon Eastick
Chief Financial Officer (CFO)****

* Przemysław Budkowski was Allegro's CEO and President of the Management Board until 17 May 2018 ** François Nuyts joined Allegro on 1 August 2018 *** Since 1 December 2017 **** Since 1 February 2018 Anna Pardej was CFO and Board member until 14 November 2017.

Allegro structure CEO



The so-called **exec-team**, managers responsible for our key business areas, play an important role in our structure: Izabela Jarosz – HR, Marcin Skowroński – Advertising, Jakub Kłoczewiak – Customer Experience, Piotr Szybiak – Technology, Jon Eastick – 13 / 32 Finance, Damian Zapłata – Commerce, Marcin Dyczak – Marketing, Paweł Klimiuk – Corporate Communication, Maciej Biniek – Allegro Financial Services, Grzegorz Czapski – Corporate Development, and Tom Ruhan – Legal*

*Tom Ruhan joined Allegro in April 2018. Bartosz Wojciechowski served in this role until August 2017.

Allegro has numerous boards and commissions, which help solve problems:

- **Representation of Allegro employees** - reviews changes to the Work Regulations and the Social Benefits Fund, submits questions from the employees to and clarifies issues with the HR department, and attends sessions of the Accidents and Social Commission,
- **Social Commission** - reviews applications for social benefits offered to employees by Allegro,
- **Ethics Commission** - investigates and reviews reported cases of the lack of compliance with our Code of Ethics,
- **Occupational Health and Safety Commission** - body appointed by the employer, consisting of employees in charge of work safety at Allegro,
- **Accident Team** reviews applications and accepts or rejects accidents at work or on the way to work.

RULES OF THE GAME

Our organisational culture is based on the so-called #rulesofthegame.

They are six simple values that we uphold every day:

- Courage - we boldly promote new solutions,
- Cooperation - we look for inspiration when we're together, because together we can achieve more,
- Product usefulness - we focus our energy on the usefulness of our solutions,
- Data - data drives out business,
- Responsibility - for the individually carried out projects,
- Consistency in action.

Ethics at Allegro

In 2016 we adopted the Allegro Code of Ethics, which consists of:

- Transparency policy,
- Harassment prevention policy,
- Whistle-blowing procedures.

The reported cases are examined and resolved by our Ethics Commission, comprised by:

- Head of HR or HR Business Partner,
- Head of Legal or appointed lawyer,
- Head of the division the reported case concerns,
- Representative of the employees appointed by the Representation of Employees

We have made the „**Fair Enough**“ short course in ethics available to our employees. In 2017, it was completed

by **282 new employees**. No irregularities or cases of discrimination were reported in 2017.

We run an ethical business and we expect the same from our business partners. In the case of contracts in excess of PLN 100,000, our contractors are obliged to sign a Code of Conduct and a Questionnaire for Vendors and Business Partners. You will find more information about transparency of cooperation in Chapter 2. For sellers and business partners.

In July 2017, the Office of Competition and Consumer Protection (UOKiK) initiated proceedings to investigate whether Allegro has been favouring its own store over other sellers. At the time of drawing up of the report the proceedings are still in progress. We uphold the principles of fair competition and respect the rights of the consumers. We cooperate with UOKiK to quickly and smoothly clarify all doubts.



Tom Ruhan
General Counsel



Being able to manage the legal aspects of Allegro's business is an exceptional challenge for any lawyer. It's a difficult task because of the multitude of aspects, scale, diversity of internal processes, but mainly because of having to keep such a large organization compliant; a tech company, which competes against global players in a truly free market, despite operating locally in Poland. All this makes my work exceptionally interesting. Together with my team we try to make the legal solutions we create as beneficial for our business as possible, enabling the company to change the Allegro platform in such a way that it meets the expectations and needs of our customers and partners as well as possible. We feel that also we, lawyers, contribute to creating a safe and pleasant space for everyday shopping for millions of Poles.



CSR STRATEGY



Paweł Klimiuk
Corporate
Communication
Director

I've had an account on Allegro since 2001 and I work here since 2012. I take advantage of these two perspectives, as a customer and as an employee, in my everyday work. When we started working on the corporate social responsibility strategy and the first CSR report 2 years ago, I realised how many stories there are for us to tell. Allegro was fortunate to have its founders permanently encode in its DNA the responsibility for the social environment, customers, sellers and employees. Organising spectacular charity projects is easy, but being truly responsible for the customers, partners, employees and the society as a whole requires reflection and effort. Just as the rest of my colleagues, I'm proud to work at Allegro. It's a company that centred its business model around making life easier for millions of Poles through on-line shopping. Mine too!

Allegro's CSR strategy for 2017-2019

Our commitments



We care about our customers by:

- protecting the property of brands in terms of trademarks and copyrights of our customers,
- ensuring transaction safety for our customers,
- actively engage in communication with the customers.



We make the workplace creative and innovative by:

- offering an inspiring work environment, which supports innovativeness and stimulates intellectually,
- engaging employees in volunteering that the company supports,
- building a diverse and flexible work environment.



We keep investing in communities by:

- educating the society and transferring technological knowledge,
- creating technological, ecological and social innovations, which supports the development of civil society,
- active and partner cooperation with business partners and non-governmental organisations.



We foster responsible cooperation in business by:

- educating and supporting best practices in the supply chain,
- dialogue and open communication,
- building partner relations in our everyday business.



We promote healthy and ecological attitudes by:

- raising awareness of healthy and ecological lifestyle choices among our employees,
- supporting pro-health and pro-environment attitudes among our employees,
- education in natural environment protection.

We act ethically in everything we do, maintaining full transparency. We undertake to:

- promote the CSR principles and best practices,
- publish periodical CSR reports summarising the execution of our strategy,
- communicate the strategic and operating CSR activities to our internal stakeholders (employees) and external stakeholders (sellers, customers, business partners and vendors, etc.).

Our CSR strategy is overseen by the head of corporate communication, the CSR manager and the team.

OUR ENVIRONMENT



We know how important open and bilateral communication is in our business. That's why we use a number of diverse communication tools and channels:



Employees

- Regular meetings with the Management Board,
- Allegro Town Hall (twice a year, for all employees),
- Allegro Q&A: quarterly Q&A session with the CEO and the Management Board,
- Internal Social Media platform and thematic communities,
- Allegro Tech Meetings,
- BaZa engagement survey.



Sellers and business partners

- Periodic reports
- Meetings with experts
- Media relations
- On-line presentations
- Page for the sellers
- Mailings
- Account managers
- Sales Manager



Customers

- On-line help centre
- Profiles on social media platforms
- NPS survey
- Guides
- Regular on-line surveys
- Media relations
- Educational website for buyers
- Advertising and educational campaigns in the media
- Shopping guides and inspirations on the platform



Local communities and non-governmental organisations

- Allegro All For Planet Foundation
- Allegro's CSR activity
- charytatywni.allegro.pl charity platform
- Educational meetings at schools and universities
- Dialogue sessions
- Information points at events

The Allegro Magazine (magazyn.allegro.pl) enables direct communication with all of our stakeholders. We use it to publish materials concerning Allegro initiatives, shopping trends and trivia. It's also a place where we promote our key social campaigns.

magazyn allegro

We communicate everything that is important

As part of the reporting process, we have asked our stakeholders what issues associated with Allegro they consider particularly important. The most frequent responses were:

- Promoting safe and informed use of the Internet
- Developing social initiatives in the field of new technologies
- Promoting technology among the public
- Sharing knowledge and competence
- Managing diversity at the company
- Supporting public benefit organizations



Allegro supports the development of the sector

As the e-commerce sector leader in Poland, we want to share knowledge and promote best practices. We are involved in the work of working groups, contributing to the development of industry standards and shaping the broadly-defined on-line market in Poland. We are an active member of Polish and European organisations:



IAB Polska Association
of Internet Industry
Employers



Chamber of Digital Economy



Polish Chamber of
Information Technology and
Telecommunication



Lewiatan Confederation



IAB Europe



European Digital Media
Association – EDiMA



European Tech Alliance

Allegro is also a shareholder in PBI (Polskie Badania Internetu), which conducts and publishes Internet monitoring results. We are actively involved in initiatives aimed at establishing best practices for preventing the sale of counterfeit products on the Internet. We are a signatory of the **Memorandum of Understanding on the Sale of Counterfeit Goods, under the aegis of the European Commission.**

Allegro supports sustainable development

Through our initiatives, we actively support the achievement of the UN Sustainable Development Goals. 2030 Agenda identifies 17 global objectives and 169 targets to achieve by 2030. With our activities, we contribute particularly to the objectives associated with education and innovativeness.



Goal 4:

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Goal 8:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Goal 9:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Grzegorz Czapski
Corporate Development
Director

Allegro turned 18 in December 2017. This is an entire era in the case of modern technologies. It's enough to recollect that when we started out, dialing up with slow modems was commonplace. Today, over half of our customers use the platform on their smartphones and tablets. Their requirements change rapidly, so we at Allegro attach great weight to innovation and constantly improving our platform. Although this may be hard to believe, despite employing 1,500 people we still have an organizational structure similar to that of start-ups. We support constant change, teamwork, data-driven business decisions and constantly searching for a better user experience. Our organisational structure is fairly flat, which means that new business ideas can be evaluated quickly, without the unnecessary bureaucracy. We communicate with our employees to discuss what we should be working on in the given quarter. We openly communicate the goals of all members of the management team, debate on what is the most important and urgent, and we're not afraid to change the decisions that have been made. Regardless of how immensely successful Allegro has been in the past 18 years, this allows the company to remain exceptionally agile.

02

FOR SELLERS AND BUSINESS PARTNERS

We foster responsible cooperation in business. We build our relations on individual dialogue and trust. We want to meet the highest standards and expect the same from our partners.



ECONOMIC IMPACT

Allegro is a different company. When we talk about our business model, we usually use the term “ecosystem”, because it accurately describes our character. As in every e-commerce business, our success depends on the trust of our customers and whether they decide to shop with us. There are over 100,000 professional businesses operating on our platform: mainly small and medium Polish enterprises but also the most famous global brands in the world. They are also our customers, which is why we often talk about them as our partners. Being a marketplace platform we need to take care of the interests of both parties. We need to ensure a comfortable shopping experience, absolute safety and modern solutions that facilitate trading on-line for both parties.

Our ecosystem consists of more businesses: logistics operators and financial businesses, insurance companies, and companies offering solutions that support selling on our platform. Allegro empowers them all to expand their business and provides access to a huge multi-million market. This is an incredible advantage, which allows us to grow dynamically, but also a great commitment.

Expanding your business with Allegro is really easy. With this in mind we have created the **Enterprise Account**. It takes only a minute to set up, and it offers many additional features that facilitate running an on-line store that are unavailable in the regular accounts.



Welcome package for every new Enterprise Account

- **500** listings free of charge,
- **PLN 100.00** to spend on advertising in the Allegro Ads platform,
- **10** free listing highlights,
- **30** days to use the offered bonuses from the activation date.



Sales Manager

- Easy order management,
- Automatic notifications about the status of the order,
- Convenient creation of address labels.



Payments

- Allegro covers the fees for transactions through PayU and Przelewy24, that the seller would need to pay if they operated a conventional e-store.



Allegro WebAPI service

- The network service allowing to integrate proprietary sales management software with the Allegro resources.



In our business we attach great weight to **promoting entrepreneurship in Poland**. Our success depends on the success of the businesses trading on the Allegro platform. That is why we are constantly changing as a platform, to meet the needs of our customers even better. In 2017 we introduced many innovative products and services, which ensure an even better shopping experience to the buyers. This directly increases sales generated by our partners. The most important changes introduced on the platform:

- **New look of the listings:** we have introduced a new template for the listings, uniform across the entire platform. With the new look, our users can find information about the product quicker and make a better choice. Another change was the introduction of the requirement to post listings with a white background.
- **Parametrisation:** in addition to the clear template of the listings, we have introduced a number of new parameters for the shoppers' convenience. They allow to search quicker and more accurately.
- **Insurance:** we have recently introduced the option to insure selected merchandise thanks to the cooperation with PZU, the leading Polish insurance company. The offer is available already at the time of making the purchase, without having to "leave" Allegro.
- **Financial services:** a dynamically developing part of Allegro's offer. Financial services are a great convenience for the customers and sellers on the platform. They also enable us to fulfil our important promise: guarantee absolute transaction safety. In 2017 we signed a contract with the new Płatności24 operator, offering an even greater selection of payment methods to our customers. We also introduced our loyalty program, namely Coins.
- **Making shipping easier and cheaper:** offering a speedy and seamless shipping service is a big challenge for every company in the e-commerce business. In our new contracts with logistics operators we have negotiated preferential shipping terms for our partners. We ensure more convenient collection of parcels thanks to the growing network of collection points. To meet the needs of our customers, we have also introduced the Evening Courier service, which allows to make the delivery outside standard working hours.
- **Changes in discussions:** we're there whenever our customers experience difficulties. Engaging in discussion with the seller definitely helps to solve the issues associated with the transaction. We also strive to ensure that issues are resolved as quickly as possible. The seller currently has 24 hours (on business days) to answer. This change was needed. To make it easier for sellers to manage the Discussion process, we have introduced additional functionality that streamlines the process.
- **Free Shipping Week:** we were the first in the sector to transform the free shipping day into a free shipping week!! Just before Christmas we enabled our customers to buy Christmas gifts with free shipping.



Damian Zapłata
Chief Commercial
Officer

Allegro may appear to be an ordinary marketplace platform. A closer look at our scale may give goosebumps: Allegro currently stands for 70 million listings a month, 100,000 small and medium enterprises selling on the platform and 21 million registered accounts. That is why when I was offered to join Allegro in 2017, I didn't hesitate long. We are one of the biggest companies in Poland. We create hundreds of thousands of jobs, both directly and indirectly, support the digital transformation and education in technology, and we set market standards. Together with our sellers we contribute to the Polish GDP, which effectively means contributing to the state budget. We help Polish entrepreneurs start and expand their e-commerce businesses: big initial investments are not necessary and they can take advantage of our unique business model. Let's imagine any conventional mall. And now make it a thousand times bigger. It doesn't require rent for shopping space, promotion, cleaning or security services. Shouldering these costs, the mall assumes the risk of not selling the goods. It is free for everyone to trade at and generate profits, taking advantage of the fact that it is the favourite place to shop at for millions of customers. This is Allegro.

The number of Enterprise Accounts by province



TOP 5 provinces with the most Enterprise Accounts:

- Mazowieckie - 85 054
- Śląskie - 60 545
- Wielkopolskie - 46 363
- Małopolskie - 42 653
- Dolnośląskie - 36 538

| Province | |
|-----------------------|----------------|
| dolnośląskie | 36,538 |
| kujawsko - pomorskie | 19,197 |
| łódzkie | 30,373 |
| lubelskie | 17,686 |
| lubuskie | 12,819 |
| małopolskie | 42,653 |
| mazowieckie | 85,054 |
| opolskie | 9,437 |
| podkarpackie | 17,309 |
| podlaskie | 11,405 |
| pomorskie | 24,533 |
| śląskie | 60,545 |
| świętokrzyskie | 10,465 |
| warmińsko - mazurskie | 10,773 |
| wielkopolskie | 46,363 |
| zachodniopomorskie | 18,526 |
| no data | 34,425 |
| TOTAL | 488,101 |

*Inactive accounts have also been included in the classification

The number of Enterprise Accounts by city population

Thanks to our platform, we encourage the unemployed residents of small cities to be professionally active. Nearly **50% of Enterprise Accounts** have been registered in cities with a population of up to 100,000.

| City population | |
|-----------------|----------------|
| 0-10000 | 72,263 |
| 10001-20000 | 50,706 |
| 20001-50000 | 74,408 |
| 50001-100000 | 44,016 |
| 100001-200000 | 41,981 |
| 200001-500000 | 57,738 |
| 500000 and more | 101,929 |
| No data | 45,060 |
| TOTAL | 488,101 |

*Inactive accounts have also been included in the classification



The number of customers with Enterprise Accounts by gender

Providing information about the province, name and surname or age is not mandatory in the process of creating Enterprise Accounts, which is why the number next to "No data" is so high. We have based the gender survey on the data of customers who have completed the entire verification process. **118,042 women** and **246,583 men** have Enterprise Accounts on Allegro, and 9,232 and 21,446 new accounts, respectively, were set up in 2017.

| Province | |
|---------------------|----------------|
| dolnośląskie | 18,671 |
| kujawsko-pomorskie | 10,584 |
| łódzkie | 16,165 |
| lubelskie | 9,288 |
| lubuskie | 6,836 |
| małopolskie | 22,831 |
| mazowieckie | 42,351 |
| opolskie | 5,037 |
| podkarpackie | 9,679 |
| podlaskie | 6,382 |
| pomorskie | 12,882 |
| śląskie | 32,706 |
| świętokrzyskie | 6,099 |
| warmińsko-mazurskie | 5,695 |
| wielkopolskie | 25,471 |
| zachodniopomorskie | 10,608 |
| No data | 5,268 |
| TOTAL | 246,583 |

People between the ages of 25 and 34 who held an Enterprise Account in 2007, by city population

Young users between the ages of 25 and 34 can develop their first business by creating an **Enterprise Account**. This is especially important in small cities with high unemployment. Internet access and Allegro's support offer the opportunity for gainful activity and reaching 21 million customers.

| City population | |
|-----------------|--------------|
| 0-10000 | 1,295 |
| 10001-20000 | 724 |
| 20001-50000 | 880 |
| 50001-100000 | 466 |
| 100001-200000 | 361 |
| 200001-500000 | 534 |
| 500000 and more | 736 |
| No data | 187 |
| TOTAL | 5,183 |



People over the age of 50 who held an Enterprise Account in 2007, by city population

19,937 Enterprise Accounts (including 2,476 accounts created in 2017) belong to people over the age of 50. This proves that you can do business on-line at any age.

| City population | |
|-----------------|---------------|
| 0-10000 | 3,299 |
| 10001-20000 | 2,378 |
| 20001-50000 | 3,568 |
| 50001-100000 | 2,033 |
| 100001-200000 | 1,904 |
| 200001-500000 | 2,460 |
| 500000 and more | 3,715 |
| No data | 580 |
| TOTAL | 19,937 |



BEST PRACTICES

Growing the business of our sellers and partners is essential for building our competitive advantage. That is why we have developed a special programme of classroom trainings and webinars, that help them maintain their current customers and find new ones.

Sellers have access to many tips on our special platform: allegro.pl/dla-sprzedajacych. We also use it to let them know, among all, how to improve sales, promote listings or become a Super Seller.

48 classroom trainings

20 webinars

over
860
people attended our trainings



Topics of our trainings:

- Obligations of entrepreneurs and rights of consumers
- Product photography
- Creating attractive offers and copywriting
- Allegro functionality in the Brands Zone
- Changes in the listing description
- Super Seller – an introduction to the scheme
- Promoting listings with Allegro Ads
- Allegro sales management tools



Damian Zapłata
Chief Commercial
Officer

Brands have always sought an effective way of reaching consumers and standing out in their eyes. Today, platforms such as ours are not only a distribution channel for products but also became a place where brands communicate with consumers. Me and my team support business that sell through Allegro, as well as the owners of brands and the distributors in effective use of the advertising tools that we offer. Our work consists in comprehensive support at every stage of the purchasing process, from advertising products that build brand or offer awareness, to typical performance-based advertising. We help sellers and brands reach customers with their offer, and enable customers to find what they're looking for quicker. We make sure advertisements support the sellers' listings, making shopping with Allegro a truly convenient and pleasant experience.

Sharing knowledge

At Allegro we know that our sellers are the best experts, which is why we often reach out to them for their knowledge and experience. The vast majority of new solutions, and nearly every new functionality is developed following a consultation process. We also make test tools available to be able to take the sellers' feedback into account and to create the best solutions possible.

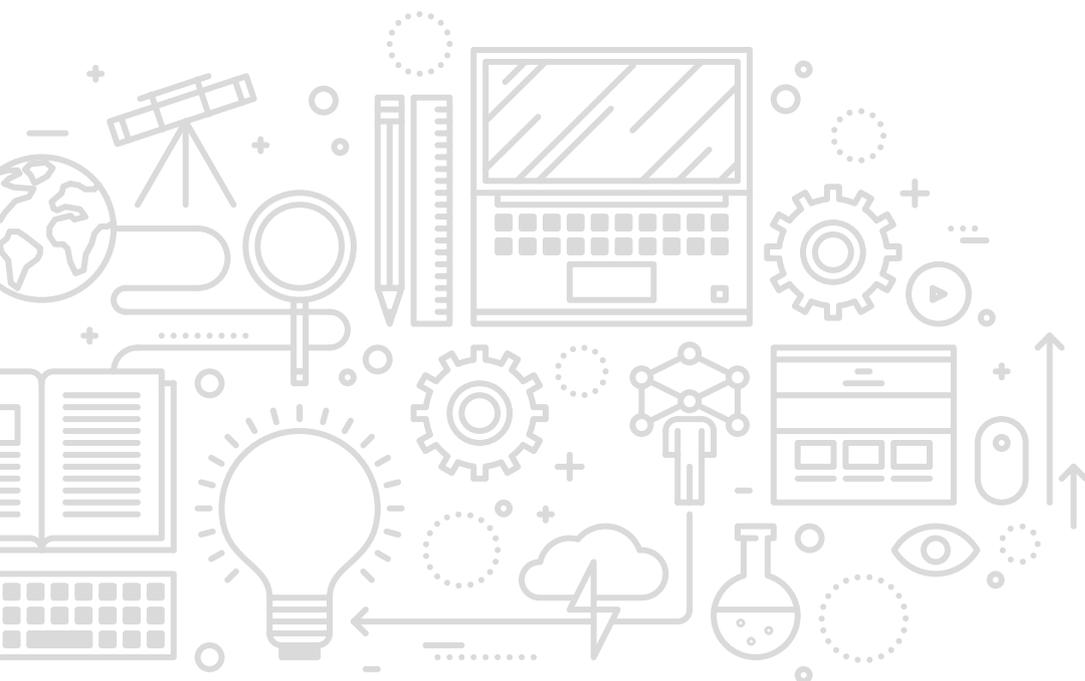
We create a space where our business partners can share knowledge, educate and communicate openly. For example, we cooperate with 324 businesses representing around 600 brands in the **Allegro Brand Zone**, with 437 **VIPs** and 400 sellers in the **TOP scheme**. The Allegro Zone Brand is a scheme addressed to the companies that represent the given brand on the Allegro platform. The VIP and TOP schemes are addressed to the biggest sellers that meet the turnover and quality criteria.

We have created them to support our business partners and help them in their everyday work. In the VIP and TOP schemes, sellers are verified every quarter. We will call

every partner that qualifies for the scheme and they will join it after accepting the Terms and Conditions.

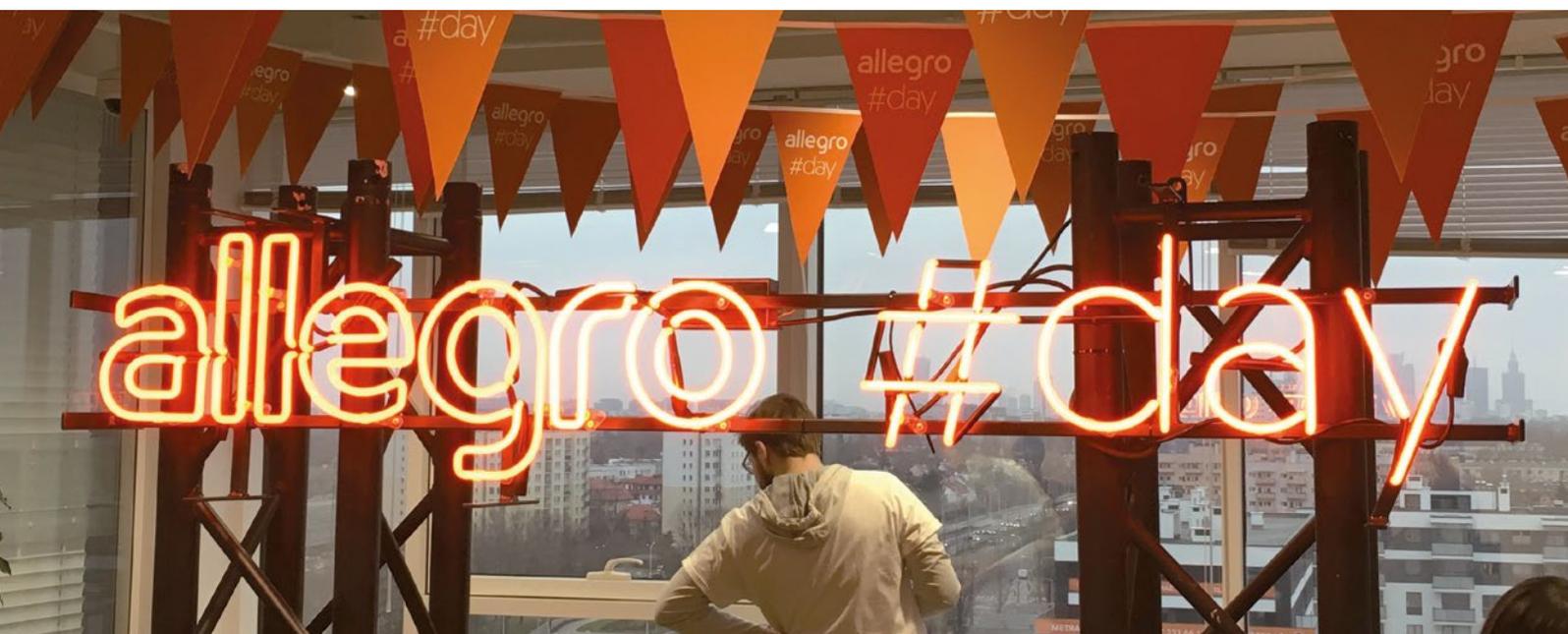
Benefit from joining:

- Participation in free training sessions (classroom training at the Allegro office or webinars),
- Possibility to participate in advertising campaigns (seasonal or all year round),
- Care of a dedicated Business or Operating Account Manager (we're also developing assistance via a contact form),
- Mailings with information about the most important changes, so that our partners don't miss anything,
- Testing new tools, so that the partners have a real impact on the shape of our future solutions,
- Participation in bonus campaigns that allow to cut the everyday costs,
- Meetings with the Account Manager to discuss the current changes and plans for the future (individual training sessions).



Conferences and one-on-one meetings

Last year we also started a series of trainings for our partners called Allegro Day. During the meetings we talk about the e-commerce world, Allegro's business in Poland and possibilities of cooperation in areas of display and performance advertising, as well as special projects. We will continue the Allegro Day cycle in 2018.



Protection of patent rights and copyright

We actively counteract the sale of non-genuine goods on the platform and infringements of patent rights and copyright. To this end, we have created the Cooperation in Protection of Rights (CPR) initiative, in which we focus on eliminating listings of illegal goods and services. We cooperate closely with law enforcement agencies, the police and the prosecutor's office in this area.

With our CPR we protect:

- Rights of brand owners,
- Sellers against the legal consequences of often unintentional infringements,
- Buyers against buying illegal products.

As part of the Cooperation in Protection of Rights initiative, we cooperate with over 1,600 partners.

Training for law enforcement agencies

Since 2004 we have been organising training sessions for law enforcement agencies on cybercrime. We have created a special training programme for law enforcement officers to enable them to fight against the criminals on the Internet more effectively, especially in ecommerce. That is why we've signed official agreements for cooperation in education with the Police Academy in Szczytno and the police schools in Słupsk and Katowice, as well as with the Police Training Centre in Legionowo. We conducted 38 trainings and meetings in 2017.



The workshops organised by us were attended by several thousand police officers from city, district and regional police headquarters, as well as prosecutor's office and court representatives.

We are also the co-organizer of international conferences being a part of the "Technical Aspects of ICT Crime" series of events. The jubilee 20th edition was organised in 2017. The purpose of the meetings is the multilateral exchange of the latest knowledge about cybercrime. We want to share knowledge with the law enforcement agencies to increase detectability of crime and increase awareness of Poles about staying safe on the Internet.

COOPERATION WITH ALLEGRO VENDORS

There are over **2,248** verified and active vendors in our database, from administrative services providers, through suppliers of products for our Official Allegro Store, to the providers of advanced technologies.

We make sure that the entire bidding process, negotiations of the terms of cooperation, acceptance and classification of vendors are in line with market standards. What's more, we strive to set a good example by choosing partners that are also guided by social interest or the good of the environment. This is one of the detailed goals in our CSR strategy.



The verification process of our vendors in 5 steps:

Step 1 - Analysis of vendors and solutions

Step 2 - Evaluation of the vendor's credibility and potential

Step 3 - Review of at least three commercial offers

Step 4 - Negotiating the terms of cooperation

Step 5 - Acceptance of the terms and signing a cooperation agreement

* the above process is different in the case of solutions intended for the official Allegro store



Jon Eastick
Chief Financial Officer

I have joined Allegro recently and I have to admit that getting to know the ins and outs of a company that you have heard so much about is fascinating. Many people consider Allegro to be just an online store. Only when you delve deeper into our business, you will see the scale of Allegro's activity and of the challenges that we face every day. This is, above all, a huge technological undertaking, where unique solutions are created every day. These solutions are later used by millions of demanding clients accustomed to an efficiently and quickly running platform (also in mobile channels). Allegro is, after all, a huge business employing about 1,500 people! It's a business that not only has the ambition to operate efficiently but also ethically, taking into account the interests of its business partners and vendors. This is reflected in the way our business functions work.

Execution of Allegro's CSR strategy for 2017–2019

“We foster responsible cooperation in business” Pillar

| Specific objectives | Measures of success | Status |
|---|---|-------------------|
| Promotion of sustainable development in the supply chain | Preparation and incorporation of CSR guidelines for suppliers in the procurement policy | Completed in 2017 |
| New benefits from partner dialogue in business | Organising at least 3 discussion sessions with our stakeholders (business partners) | Planned for 2018 |
| High overall level of satisfaction with cooperation in business | Conducting a service provider satisfaction survey (by the end of 2018) | Planned for 2018 |

In 2017, we have introduced the obligation to sign the Code of Conduct for vendors and business partners and the Questionnaire for new suppliers. This applies to partners where our cooperation exceeds PLN 100,000 in value. Thanks to this practice, 52 vendors in 2017 undertook to comply with the highest ethical standards in their operations.

The scope of commitment made by our vendors and business partners, based on the ten UN Global Compact principles, includes:

- Legal compliance of their operations,
- Respecting human rights,
- Ensuring the highest standards and working conditions for their employees,
- Protection of the natural environment.

We aspire to ensure that all our vendors have submitted a written declaration of compliance with the above standards.

03

CARING ABOUT OUR CUSTOMERS

We measure Allegro's success mainly with the number of satisfied customers. We want to make everyday shopping on our platform an easy and pleasant experience. Our goal is to constantly improve our customer service, by doing things quicker, more effective and as convenient for the customer as possible.



PROFESSIONAL SUPPORT

Although we are not a party to the transaction, we are responsible for providing seamless customer service. After all, we provide the technology and manage the platform. Our customers are expecting more and more, both for us as well as from the sellers, and we are trying to keep up, bearing in mind the safety and convenience of buyers.

There are around 13,000 software implementations at Allegro every year, to make the platform more intuitive, simple and convenient to use.

Allegro customers – key facts:

For **71%** of Poles, Allegro is the first thing that comes to mind when they hear on-line shopping

36% live in cities with up to 20,000 inhabitants

50% of customers use Allegro on mobile devices

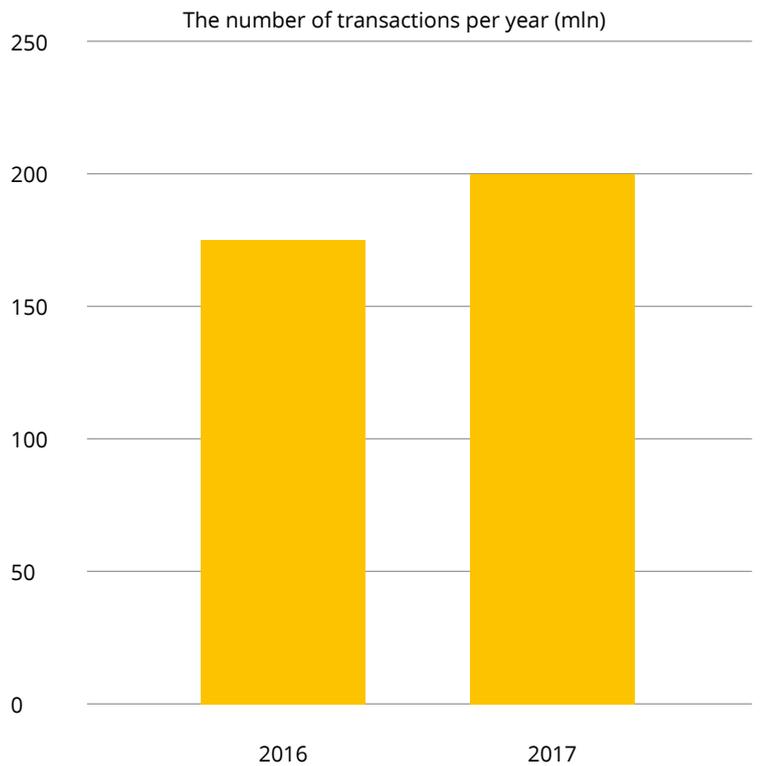
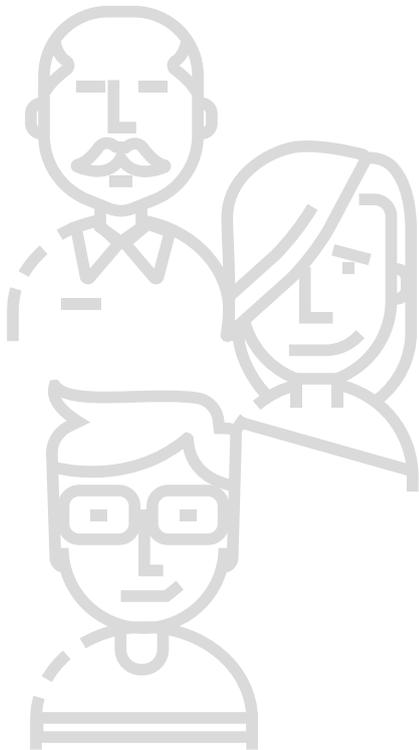




TOP 5 provinces with the most Allegro customers

- 1. Mazowieckie (13.7%)
- 2. Śląskie (10.3%)
- 3. Wielkopolskie (8%)
- 4. Małopolskie (7.7%)
- 5. Dolnośląskie (7.5%)

The number of transactions on our platform is constantly growing. It increased in the past year by 11%, and by 60% percent in the past 5 years.



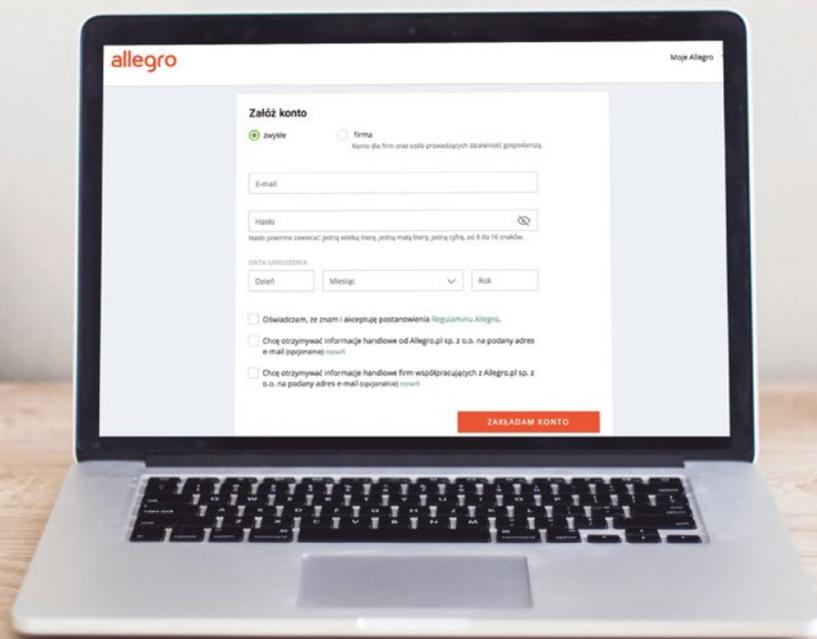
Clear rules

Not an Allegro customer yet? You can shop on our platform without an account. However, we recommend to create one.

The process takes only a few minutes to complete:

- Fill out the account registration form (<https://allegro.pl/rejestracja>),
- Open the confirmation email and click on the link,
- Visit the Allegro account data tab, fill in the missing information and save,
- Activate your account by transferring the smallest amount possible to our account – PLN 1.01 Activation by e-transfer is only used to confirm the correctness of data used in the registration process,
- After successful activation, we will refund the deposited amount to your bank account.

Every buyer registering an account on the Allegro platform must accept the Terms and Conditions. They set forth the rights and obligations of both parties as well as the terms of using our platform. If we change the Terms and Conditions, we will notify our customers of the changes and the possibility to consent to them. We also inform about important changes in the special Help Centre tab. For more information, please visit dlakupujacych.allegro.pl



Execution of Allegro's CSR strategy for 2017–2019

“Caring about our customers” Pillar

| Specific objectives | Measures of success | Status |
|---|--|-------------------|
| Partner cooperation with law enforcement agencies to eliminate listings of illegal goods and services | Organising 2 training sessions for law enforcement officers a year | Completed in 2017 |
| High quality of transaction services | Expediting and simplifying the process of disbursing compensation under the BPS (Buyer Protection Scheme) by implementing an entirely on-line application form | Completed in 2017 |
| High overall customer satisfaction with the provided services | Conducting a satisfaction survey among Allegro.pl users | Planned for 2018 |

Our service standards

We aim to provide customers with excellent experience at every stage of the shopping with Allegro, which is why we constantly improve our service standards. We focus our attention on 3 key areas:

1. Helping clients as quickly as possible and in a way that guarantees utmost satisfaction. We address this by:
 - Shortening the response time: we respond to 85% of the tickets in under 6 hours, out of which 81% in under 4 hours,
 - Regular NPS surveys (Net Promoter Score – tool used to measure loyalty of the company's customer base),
 - Building a team of professional experts who support the customer. In 2017, we employed 99 new employees in the CEX (Customer Experience) department. There were a total of 271 people responsible for customer service in late 2017.
2. Developing and introducing the highest standards of service in various contact channels.
 - Introducing standardisation in correspondence and telephone conversations,
 - Following up on the implementation of standards and conducting individual training sessions to improve the results,
 - “Close the loop” project, as part of which we contact the customer about his or her negative feedback to improve our service. In 2017 (10 July – 8 November 2017) we collected feedback from 1,141 customers.
3. Implementation of process management. We address this by:
 - Simplifying our processes and tasks, following the customers' recommendations (e.g. expediting few refunds).



Jakub Kłoczewiak
Customer Experience
Director

The requirements of today's consumers are a real challenge for businesses. Customers expect support around the clock, provided in a way that is convenient for them at the moment of their choice. At Allegro we are aware of this and we aspire to create the best customer support centre in Poland in the next few years. This is a very ambitious task, considering the scale of Allegro's operations and the fact that we sell over a million items a day, but we believe that this is crucial for the future of the platform. We have already significantly reduced response time to emails and social media posts. We have implemented a chat for Allegro Ads customers, and completely reorganized the support team by separating the handling of customers and partners (sellers). We keep recruiting new consultants and train hard. We will soon be supported by modern systems, and we obviously monitor customer satisfaction with the NPS on a regular basis. After all, in the end, it's the customer's smile that is the most important for us. I joined Allegro in 2017 and together with a team of great people I'm working on setting new customer service standards. Allegro has been my greatest professional adventure in recent years.

Allegro customer service standards meet the expectations of our customers, and we are always ready to adapt them to their needs.



Allegro's complaint policy

We never leave any messages from our customers without an answer. If you are not satisfied with your transaction, for any reason, you can contact us 24 hours a day and 7 days a week.

In 2017, we handled **1,107,533** inquiries, out of which only **2,746** (0.25%) were complaints.

Changes in the feedback system on the platform

In 2017, we introduced important changes to transaction feedback system. Thank to them, the buyers have access a more transparent system of evaluating the quality of the sellers' service.

The main changes in the feedback system:

- Only users with fully activated Allegro accounts can rate transactions. If the user submits erroneous feedback or if it violates our Terms and Conditions, the user will be able to correct or delete it.
- The seller's quality rating displayed next to the seller's name only covers the last 12 months, not the entire account history. Therefore, the customer can choose those sellers who currently provide high-quality services.
- We have scrapped neutral feedbacks. This makes the seller evaluation process more transparent: it's either good or bad.
- We have shortened the time for submitting feedback to 90 days. When the deadline approaches, customers receive a reminder.

CUSTOMER SAFETY

We know what the power of the data processed in our databases is and what responsibility it is for us. Therefore, the protection of the data of our customers and employees is a top priority for us.

Data security

At Allegro, we have technical and organizational measures as well as security policies and rules in place that ensure confidentiality, integrity, availability and resilience of our systems. Thanks to the constant monitoring of our safeguards and implementing new technologies, we are

able to quickly detect attempts at unauthorized access or use of data, and we can take immediate action to reduce the impact of such an event.

We make sure that our customers are kept informed about emerging threats. Our customers can access the Help Centre tab (<https://allegro.pl/pomoc>), where they will find, among all, tips on best practices to protect yourself against cyber attacks.

In 2017, we recorded **12 incidents**, which did not pose a high risk to the rights and freedoms of our customers.



GDPR at Allegro

Preparations for the rights and obligations imposed on us under the GDPR (Regulation of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data) were started long before its entry into force. Preparations gained momentum in 2017:

- We have established a **project team** consisting of almost 50 people. Its members are people from business, data protection, security, IT, legal, HR and PR.
- We **reviewed the effectiveness** of the procedures regarding acting on our clients' rights and identified changes that are worth introducing to make feel them even safer when using our services.

GDPR puts particular emphasis on data processing using profiling techniques, in which case the processing is automated and can pose a high risk to the rights and freedoms of the persons whose data is processed. We distinguish between two types of profiling, to properly act on the rights and obligations of our clients, depending on the case:

- General profiling – in this case we will inform clients about profiling and its consequences and we will guarantee them the right to object,
- Profiling based on automated decision-making – in this case, before initiating data processing, we will elicit consents to profiling, ensure intervention and transparently communicate the principles governing profiling and its consequences for the customer.

A completely new law that we must ensure to our clients is the right to transfer data. We need to provide every customer with the option to receive the personal data that they provided to us. We will provide the data to the customers automatically.

Most of the data can typically be amended on one's own. In general, there are 3 ways for customers to take advantage of their rights:

1. "Do-it-yourself" – after logging in to their accounts, the customers will be able to take advantage of their rights without having to contact the platform operators.
2. Via the contact form – for security reasons, additional customer authentication will be required to take advantage of certain rights.
3. Direct contact with the Information Security Administrator (ISA).

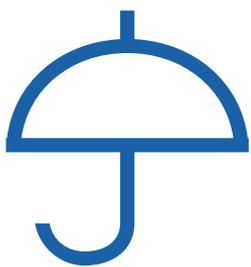
Given the scale of the introduced changes, we're aware of how important it is to make everyone involved in data processing more knowledgeable. The Data Protection Team together with the Information Security Administrator carried out mandatory e-learning training for all Allegro employees in 2017 that ended with an exam. We also organised 3 information campaigns on the Intranet and 18 training sessions/workshops for those business areas where GDPR had the greatest impact.

We actively contribute to the establishment of best practices codes, developed by IAB Polska and PIIT, which are intended to make it easier for companies such as Allegro to meet the requirements of the new regulation.



Buyer Protection Scheme (BPS)

We want every customer to feel safe when shopping on our platform. That's why we have created the Buyer Protection Scheme (BPS). The scheme covers all transactions where the purchased goods were paid for via Allegro Finance or by bank transfer.



The main assumptions of the BPS:

1. If the customer experiences issues after finalising the transaction, the scheme offers compensation of up to PLN 10,000.
2. If the customer has paid for the goods but has not received them, we will refund 100% of the price paid for the item.*
3. If the customer has received a product that is unacceptably different from the what was described in the offer, we will refund 100% of the price of the item.*
4. If the contract was finalised via Allegro Finance, the compensation may also include the cost of shipping the item up to PLN 100.00.

*In items 2 and 3 the maximum amount of compensation is also PLN 10,000.

We introduced changes to the Buyer Protection Program Terms and Conditions in August 2017, which makes it easier for our customers to receive compensation:

- When applying for compensation, it suffices to produce a confirmation of notifying the Police,
- The customer may send us the documents necessary to disburse the compensation electronically,
- In the case of non-compliant goods, the customer may receive a refund of up to 100%.

On dedicated pages (<https://dlakupujacych.allegro.pl>, <https://dlasprzedajacych.allegro.pl> and <https://allegro.pl/pomoc>) our customers and partners will find all news and answers to the most frequently asked questions. They will also be able to contact us and clarify disputes concerning transactions directly with the counterparties. For their convenience, we are also present in social media, offering direct support on Facebook.

In 2017, we also improved the out-of-court dispute resolution tool, called **Discussions**, which help users solve issues with their transactions directly with each other and, if necessary, ask Allegro for help. Our help is not only limited to enforcing compliance with the Polish law and the Allegro terms and conditions. We help better understand how our platform functions and we support our partners in running their on-line businesses.

Discussions is a tool that has replaced the former dispute resolution centre. It allows to report and resolve issues directly between the parties to the transaction. The Terms and Conditions oblige the partner to provide exhaustive explanations within 24 hours from initiating the discussion by the customer. 24 hours after starting the discussions, the customer may ask for assistance. As many as 75% of the discussions end without our intervention, and customers can count on our active support in the remaining cases.



Allegro is a safe place to shop. In 2017, the number of compensations paid in relation to the transactions was 0.0036% (or, in other words, 0.036 per mil of all transactions).



Cooperation in Protection of Rights (CPR)

Protecting intellectual property. We make sure that only genuine products are offered on the Allegro platform. We have created the **CPR** scheme to eliminate listings that involve illegal items and services.

With our CPR we protect::

- Rights of brand owners,
- Sellers against the legal consequences of often unintentional infringement,
- Buyers against buying illegal products.

We mainly focus our efforts on preventing the sale of illegal merchandise on our platform. We react to notifications regarding infringement of industrial property rights or copyright.

SATISFACTION

Without the opinion of our customers and sellers, it would be impossible to make Allegro better. Understanding what our customers consider important gives us the opportunity to identify areas for improvement and to introduce changes that will enable us to serve them even better in the future.

It is especially important to us how customers evaluate the support they receive from us when they encounter a problem while using the Allegro platform and contact us to resolve it. That is why we conduct periodic customer satisfaction surveys. Every customer who has contacted us about an issue has the opportunity to share his feedback in the on-line survey regarding the quality of service with us and how the reported issue was resolved. All responses are analysed on a regular basis, the feedback is read, and once we investigate the issue requiring further actions, we contact the customer again to resolve it. Our customers also have a real influence on changes that are we introduced in Allegro's functionality. Remarks that they submit are regularly reported to the departments tasked with implementing changes on the platform.

We are pleased that our customers have noticed the changes in the Allegro service standards that we introduced in 2017. What they particularly appreciate is:

- Improved resolution of the reported issues (by 15 percentage points),
- Clarity and exhaustiveness of the received response,
- Shorter response time.

In 2017, Allegro did not receive any penalties, fines or warnings for non-compliance with regulations or voluntary codes pertaining to marketing communication, including advertising, promotion and sponsorship, by type of effect.

*in June 2017, Allegro Group received a letter from the Association of Advertising Council Unions, informing about a consumer complaint that was submitted to the Advertising Council Office regarding an advertisement of the Allegro platform. We replied to the letter denying the complainant's claims. The complaint was dismissed with a resolution dated 29 August.

In 2017 our Customer Experience team received over 1,500 responses to customer service surveys on average per week. Thanks to their feedback, we know what we're doing well and what we need to work on.



04

INNOVATIVE AND CREATIVE WORKPLACE

We offer an inspiring work environment, which supports innovativeness and stimulates intellectually. We ensure professional and personal development opportunities. We want all employees to show up at Allegro with smiles on their faces.



CREATIVE WORKPLACE

In the past 18 years we have grown from a start-up operating from the basement of a computer hardware wholesaler with a team of 5 into a leader of the e-commerce market, with branch offices in 6 Polish cities and with **1446 employees** on board (up by 8% compared to 2016). Many of the start-up atmosphere survived in the company's culture to this day: openness in communication, lack of complicated procedures or focus on the usability of our solutions.

We focus on creativity, which is why:

- We care about the development of our employees,
- We evaluate their work based on clear and straightforward criteria,
- We support passions,
- Our work environment is geared to achieving business goals,
- We promote work-life balance.



BaZa, our engagement survey

At Allegro we keep improving the working conditions, and the main drivers for the changes are grassroots initiatives of our employees.

We conduct the BaZa survey of engagement among our employees every year to elicit feedback from them. We want to know how good we are together and what we can improve so that our employees would come to work with smiles on their faces. The survey is completely anonymous. It's published on-line on the innovative Culture Amp platform, which allows us to benchmark the results against the best global tech companies.

Results of the engagement survey conducted in 2017:

92% of the employees took part in the survey, while 86% took part in the previous edition.

95% of the employees feel responsible for the results of their work and of the work of other members of their team

90% of employees would recommend Allegro as a great place to work

87% of the employees confirm that they have access to training and development tools they need to do their jobs well



At Allegro, we like spending time together. Integration trips are an important part of our culture.

In 2017, Allegro employees spent a total of 2,066 days on integration event.



Izabela Jarosz
HR Director

90% of Allegro employees would recommend Allegro as a great place to work. One can hardly wish for a better confirmation of how seriously we treat our commitment to creating an innovative and creative workplace. Although what follows is an obvious truth, it's still worth repeating. People are the most valuable assets of every company, especially ours, operating in the new technologies sector, where the entire value for customers and investors is generated as a result of intellectual work. Therefore, we focus our efforts not only on offering competitive remuneration for work, but also on maintaining a unique atmosphere, culture and employee-friendly internal processes. On the one hand, this constitutes a framework for the development of each employee, on the other, it allows Allegro to maintain, despite the scale of its operations, the agility of a start-up and an atmosphere full of passion, knowledge, skills, energy, and creativity.

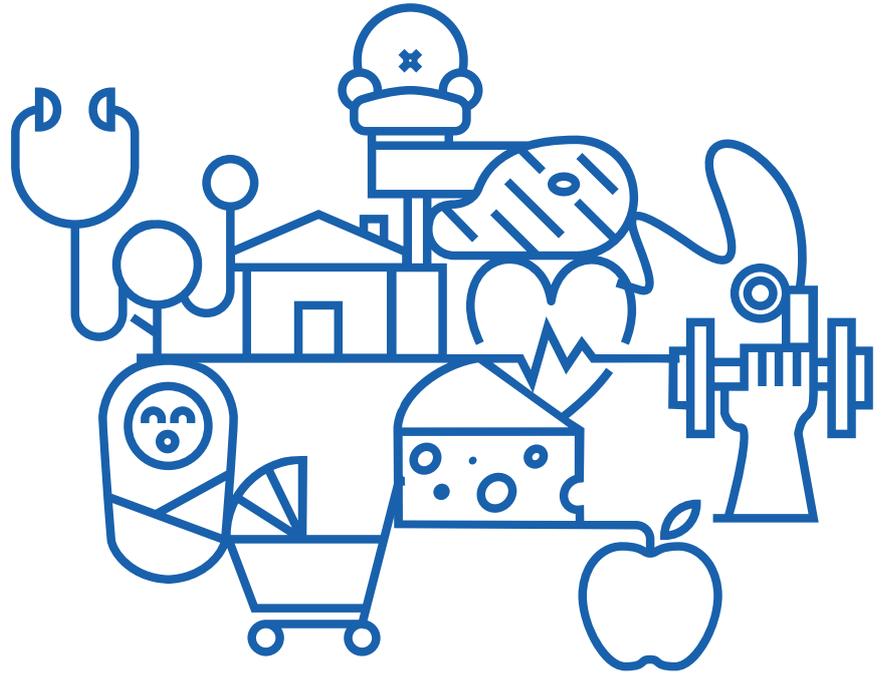
A diverse workplace

Each of us is unique, which is why we pay special attention to noticing, respecting and appreciating the diversity of our employees.



At Allegro, we support diversity through:

- Building diverse teams,
- Creating a friendly atmosphere,
- Supporting in the development of passions and interests,
- Supporting in reconciliation of work with private and family life,
- Counteracting discrimination, mobbing and protecting against unjustified dismissal.



Benefits

We have created a system of benefit in response to the needs of our employees. Whether you're a full-time or a part-time employee has no impact on the received benefits.

We are constantly developing the catalogue of the benefits that we offer to our employees:

- **Medical care** – employees can buy medical care not only for themselves, but also for their relatives.
- **Childcare allowance** – monthly subsidies to pay for kindergartens, nurseries or nannies.
- **Sports card** – Multisport cards allow to individually choose your favourite activity. Employees can order a package for themselves, an accompanying person or their children.
- **Restaurant card** – enables to use the canteen and catering services in the office or eat at nearby restaurants.
- **Commute subsidy** – employees can spend it on monthly tickets or on fuel.
- **Life insurance** - employees can buy insurance not only for themselves, but also for the spouse/partner and the child. There are several benefit options, which means that everyone will find what they need and take advantage of preferential terms available only to Allegro employees.
- **Points bank** – employees collect points to spend on Allegro vouchers, as well as vouchers for use at stores or exchangeable for services.
- **Fruit and vegetables** – seasonal fresh vegetables and fruits as well as herbs are delivered to the offices every day. All office kitchens offer coffee, tea, juices, milk and cereals.
- **WOW nursery and kindergarten** – company kindergarten and nursery are located in the PIXEL office building in Poznan, thanks to which employees can more easily plan 'parental logistics' and are closer to their children.
- **One-off financial aid** in a difficult life/material situation.
- **Repayable home loans** with an attractive interest rate.
- **Educational gifts** for Children's Day and Christmas.

Every year, in all our locations, we organize Children's Day celebrations for parents and children. We provide many attractions, including artistic workshops, games with animators, sweet gifts, etc.

Welcome aboard Allegro

Onboarding is the process in which the employee gets accustomed to the new work environment. We believe that it has a significant impact on employee engagement. In our case, it's 3 days of workshops and lectures about how Allegro works in practice. During this time, every new employee has the opportunity to see how we build relationships with our customers and partners, how our platform works and how we pay attention to security. It's an opportunity to get to know the many functions: marketing, technology, PR, and HR. It's also an opportunity

to acquire new skills and practical knowledge needed to freely use the internal systems.

- Introductory training at Allegro lasts 3 days, and 5 days in the technology function,
- It's intended for new employees and those returning to work after long absences,
- In 2017, 282 people took part in the onboarding process, including 8 mothers returning from maternity leaves.

Communication with employees

Insite+ is our social Intranet based on the Google+ platform. It's one of the key elements of open communication. We publish the most important company and business information there, and we build employee engagement around this content. They can freely comment on any piece of information or simply give it a thumbs up. Every employee can stay in touch with the entire company at any time and on any device (be it a computer, a tablet, or a smartphone), publish any information or share an idea or project.

Apart from communicating on-line, we organize regular allegro town_hall and Q&A_allegro catch-up meetings for all employees, so that everyone hear about the changes taking place at the company, learn about new projects or recall our strategy and values. The Q&A session is an obligatory and very popular part of every meeting, where anyone can ask the board members any question.

We like to get inspired! That's why as part of Juice, an initiative modelled on the TEDx meetings, we invite interesting guests to visit us at Allegro. In 2017 we were visited by Jacek Santorski, Michał Szafrński and Magnus Lindkvist.

insite+ Insite+ in numbers:

- 1527 members of insite+ community,
- 44 communities created in our company Google+,
- During the 365 days of 2017, a total of 2,168 posts were published in the Google+ communities, almost 6 posts each day.

Execution of Allegro's CSR strategy for 2017–2019

“We ensure a creative and innovative workplace” Pillar

| Specific objectives | Measures of success | Status |
|--|--|-------------------|
| Conducting an annual employee engagement survey as part of our continuous conversation culture | At least 82% of our employees take part in the annual engagement survey | Completed in 2017 |
| Employee and competence volunteering program incorporated into the human resources management policy | Creation and implementation of the program for the development of employee and competence volunteering | Completed in 2017 |
| Implementation of solutions supporting diversity in the workplace | Development and implementation of the first diversity initiatives | Planned for 2018 |

Allegro employees in 2017, by gender

| | Women | | | | Men | | | | Total |
|-------------------------------------|-------|-------|-----|-------|-------|-------|-----|-------|-------|
| | 18-29 | 30-50 | 50+ | Total | 18-29 | 30-50 | 50+ | Total | |
| Employment (as at 31 December 2017) | 158 | 404 | 1 | 563 | 246 | 636 | 1 | 883 | 1446 |
| New employees | 75 | 60 | 1 | 136 | 91 | 86 | 0 | 177 | 313 |
| Employees who left their jobs | 14 | 33 | 1 | 48 | 26 | 57 | 2 | 85 | 133 |

Allegro employees in 2017, by type of contract of employment

| | Number | | Percent | | Total | (in %) |
|-------------------|--------|-----|---------|-------|-------|--------|
| | Women | Men | Women | Men | | |
| Indefinite period | 499 | 761 | 31.0% | 52.7% | 1210 | 83.7% |
| Fixed period | 92 | 76 | 6.4% | 5.3% | 168 | 11.7% |
| Trial period | 22 | 46 | 11.5% | 3.2% | 68 | 4.7% |

1. Allegro employees are not covered by collective agreements, and the employees' interests are represented by the Employee Representation.

2. There are no self-employed people at Allegro.

Allegro employees in 2017, by place of work

| Region | Number | | Percent | | Total Number | Percent |
|---------|--------|--------|---------|--------|--------------|---------|
| | Women | Men | Women | Men | | |
| Poznań | 441 | 30.50% | 531 | 36.72% | 972 | 67.22% |
| Warsaw | 87 | 6.02% | 229 | 15.84% | 316 | 21.85% |
| Toruń | 10 | 0.69% | 61 | 4.22% | 71 | 4.91% |
| Błonie | 18 | 1.24% | 30 | 2.07% | 48 | 3.32% |
| Kraków | 5 | 0.35% | 24 | 1.66% | 29 | 2.01% |
| Wrocław | 2 | 0.14% | 8 | 0.55% | 10 | 0.69% |

Number of new employees, by region, gender and age group

| Gender | Poznań | | Warsaw | | Toruń | | Błonie | | Kraków | | Wrocław | |
|--------|--------|----|--------|----|-------|---|--------|---|--------|---|---------|---|
| | W | M | W | M | W | M | W | M | W | M | W | M |
| 18-29 | 57 | 46 | 11 | 32 | 0 | 2 | 7 | 6 | 0 | 3 | 0 | 2 |
| 30-50 | 44 | 50 | 12 | 30 | 0 | 1 | 4 | 3 | 0 | 2 | 0 | 0 |
| 50+ | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Total | 101 | 96 | 23 | 62 | 0 | 3 | 12 | 9 | 0 | 5 | 0 | 2 |



CONSTANT DEVELOPMENT

We know that our employees are our greatest asset. That's why at Allegro we give everyone the chance to gain unique knowledge and experience. The unique scale of operations in Poland and our constant technological development offers everyone at Allegro a unique chance to strengthen their professional competencies. The results of the engagement survey also show that one of the most important factors that influence the commitment of our employees are the development opportunities we offer.

To properly structure the development process of our employees, we have introduced a comprehensive training programme called **MindUp**. MindUp includes training, conferences, workshops and development meetings, grouped by type, subject and function:



- **Share experience** – e.g. training sessions during which employees have the opportunity to assume the role of the instructors and share their knowledge with others from the organization To this end, employees receive the necessary support from the HR department, who will prepare them for the role of instructors,
 - **Unlock self-awareness** – training to develop the so-called soft skills that stimulate creativity and innovation,
 - **Be inspired** – employees can take advantage of, among all, inspiring insights and best practices presented by various authorities, invited to take part in meetings with Allegro employees,
 - **Lead others** – training intended for managers to improve, among others, their team management skills.
- **Get knowledge** - trainings, workshops on specific topics, postgraduate studies, courses, and exams that are the most useful in the given role and in the given business area,

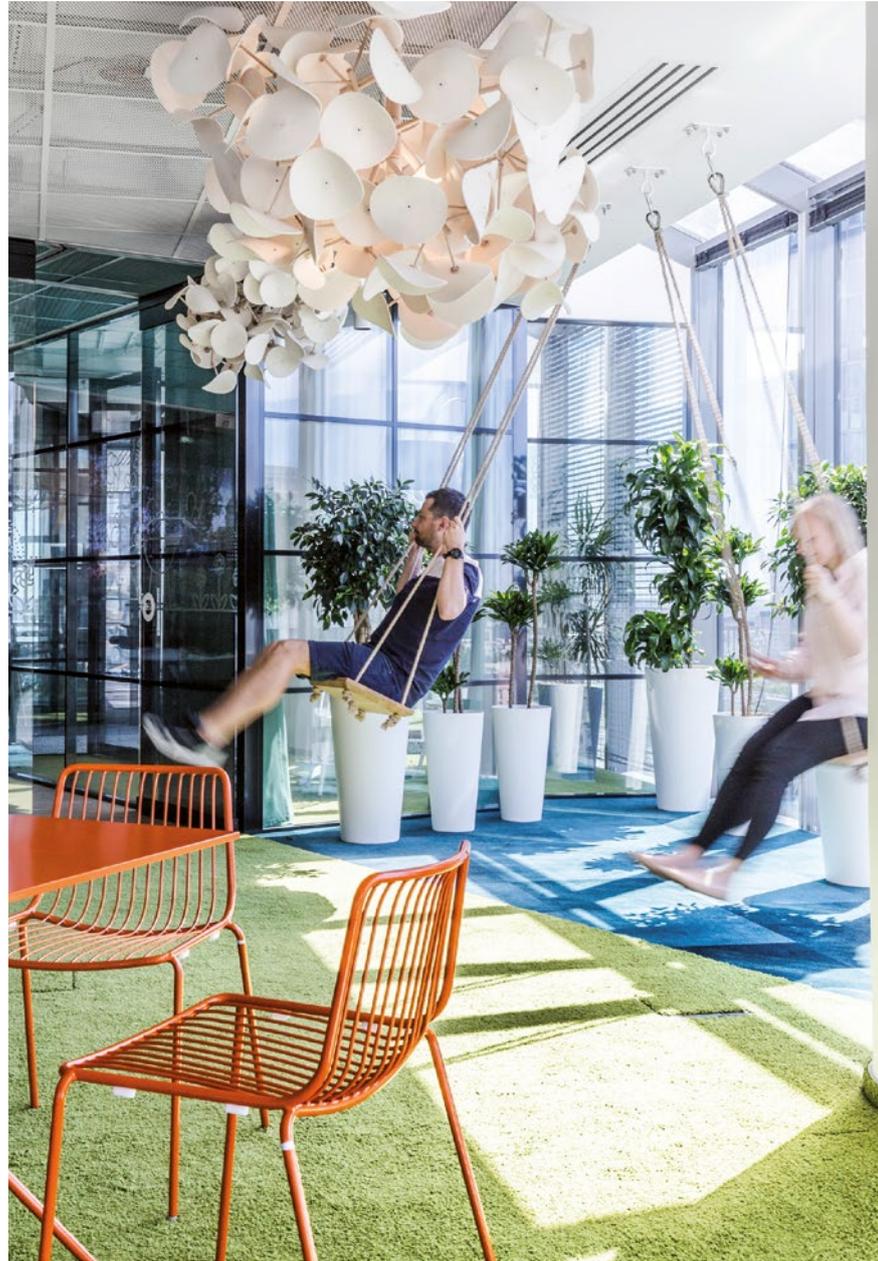
MindUp in 2017:

2 662 people attended trainings overall

1 174 people participated in in-company training

195 MindUp training sessions

4,51 average rating of the trainings*



* on a scale of 1 to 5

Hours spent on training in 2017, by gender

| | Women | Men | Total |
|--|----------|----------|--------|
| Total number of hours spent on training | 12 614,5 | 26 267,5 | 38 882 |
| Total number of employees | 783 | 1 275 | 2 058 |
| Average number of hours spent on training per employee | 16,11 | 20,60 | 18,89 |

Summer e-Xperience – an Allegro internship program

Every year, interns are offered a pool of paid two-month internship opportunities, that involve hard work under the supervision of the best experts from the e-commerce industry in Poland, employed by Allegro.



SUMMER
E-XPERIENCE

Allegro interns in 2017:

- 38 people took part in the Summer e-Xperience program,
- All interns have the opportunity to attend training sessions organised by Allegro,
- Every trainee is under the supervision of a mentor throughout the internship program,

We sign contracts of employment with every third intern who has completed the internship program.



Year-End Review

We focus on the so-called continuous conversation, which is essentially a constant and regular dialogue between the superior and the employees. This allows to constantly update the goals and tasks. Once a year we also organise development-related meetings, to review and discuss the individual goals and goals of the team. All employees with whom we have signed contracts of employment are covered by the employee evaluation process, provided they have worked for us for at least 6 months. How do we evaluate employees?

- Step 1: The employee performs a self-assessment in the HR system,
- Step 2: The superior may ask the closest associates or external partners with whom the employee has cooperated for an opinion on him or her,
- Step 3: At a face-to-face meeting, the superior performs the assessment together with the employee, sets future goals and talks about future development,
- Step 4: Summary of the meeting in an on-line module.

Year-End Review w 2017

| | Women | Men | Total |
|---|-------|-----|-------|
| Number of evaluated employees | 411 | 759 | 1,170 |
| Share of employees qualifying for evaluation (in %) | 85% | 96% | 92% |



HEALTH AND SAFETY INITIATIVE

At Allegro, we promote healthy and ecological attitudes. That's why, we have been organising the **Health Initiative** at Allegro for three years now.

The goal of the initiative is to:

- Support the employees in staying fit,
- Support the employees in managing their potential,
- Reduce sickness absence among employees,
- Increase efficiency and quality of work, by reducing presenteeism.



In 2017, it involved workshops, consultations, lectures and competitions regarding:

- Dealing with stress,
- Keeping the immune system healthy,
- Exercising to keep the spine healthy,
- Cooking classes,
- Advice of dieticians and personal trainers,
- Fighting against excessive weight.

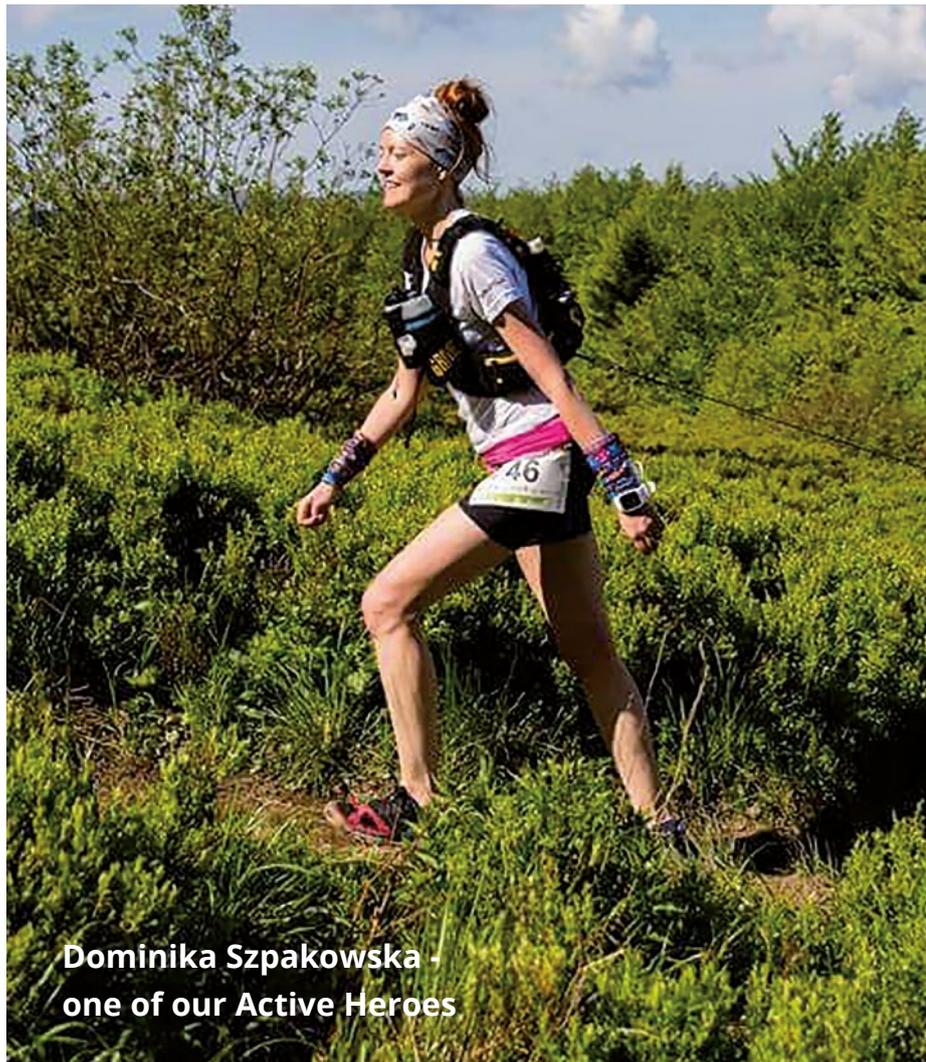
Individual consultations with a dietitian and personal trainer, cooking classes and body composition analysis attracted the most attention.

**Health Initiative
in numbers:**

10 types of activity

38 meetings

392 participants



**Dominika Szpakowska -
one of our Active Heroes**



The **Active Hero** project was a part of the Health Initiative. It was a series of short stories, memories and tips written by employees doing sports, posted on the Intranet to motivate and encourage others to engage in physical activity.

Safe office

Our offices have been designed to be comfortable and secure, and so that everyone could find space for him or herself. Employees can relax in silent rooms and play rooms with video consoles and pool tables, or use outdoor terraces with sun loungers in some of the offices. No accidents at work were recorded in 2017.



Number of days of sick leave, by location (excluding paid holiday, parental and maternity leave)

| | Poznań | Warsaw | Toruń | Kraków | Wrocław | Błonie |
|-------|--------|--------|-------|--------|---------|--------|
| Women | 7,174 | 1,072 | 64 | 18 | 44 | 231 |
| Men | 2,085 | 923 | 237 | 57 | 52 | 224 |
| Total | 9,259 | 1,995 | 301 | 75 | 96 | 455 |

Number of days of absence from work (including sick leave), by location

| | Poznań | Warsaw | Toruń | Kraków | Wrocław | Błonie |
|-------|--------|--------|-------|--------|---------|--------|
| Women | 37,916 | 5,998 | 646 | 252 | 519 | 683 |
| Men | 21,997 | 10,526 | 2,953 | 1,136 | 374 | 998 |
| Total | 59,893 | 16,524 | 3,599 | 1,388 | 893 | 1,681 |

Absence rate by location (total number of days of absence from work, including sickness leave/total number of working days planned in a given year for all employees)

| | Poznań | Warsaw | Toruń | Kraków | Wrocław | Błonie |
|--------------------------|--------|--------|-------|--------|---------|--------|
| Women | 0.36 | 0.26 | 0.26 | 0.17 | 1.04 | 0.15 |
| Men | 0.17 | 0.19 | 0.20 | 0.19 | 0.20 | 0.12 |
| Total. for all employees | 0.26 | 0.21 | 0.20 | 0.19 | 0.37 | 0.13 |

05

IMPROVEMENT TO OUR PLATFORMS IN 2017

We want to impact the environment and the world around us in the most positive way possible. We want to promote a healthy and eco-friendly lifestyle, both in the organization as well as outside it. Through the All For Planet Foundation we mobilise thousands of Poles to exercise with our Spin Kilometres campaign.



EDUCATION IN TECHNOLOGY

We want to share our technological knowledge with engineering communities throughout Poland. We are also interested in how others are faring in the industry and what solutions they implement. After all, exchanging experiences drives development.

Have you heard about Allegro Tech? It's a brand created on the initiative of Allegro engineers, which for three years has been promoting and sharing knowledge in the area of IT at conferences and meetups, and through its [allegro.tech](#) blog. We want to show our peers what the Allegro brand is doing in terms of IT, and to bring the IT world closer.

Allegro employs over 600 IT experts who have the knowledge and experience, and want to share them.

Allegro Tech Meeting

Meetings for the tech team? Nothing to it, right? What if we tell you that our technology team has grown to over 600 people long ago and constitutes more than half of all Allegro employees? Even assembling this group is quite a challenge, and coming up with an agenda that would inspire even the most seasoned Allegro experts is a feat... We have been rising to the challenge with the greatest pleasure for 10 years. We organize the Allegro Tech Meeting every year, inviting all people from the technology function (ATM). This is an important event on the team's agenda, a unique platform for the exchange of experiences, and an opportunity to take part in lectures and meetings. This year, the 10th jubilee edition of the ATM took place at the Artis Hall of the Collegium da Vinci in Poznan. Over 200 engineers who work on the development of the Allegro platform gathered to take part in the event. As you can

see in the video, it was a truly inspiring day. Virtual reality has added an exceptional touch to the event, yet even the most interesting setting cannot substitute what has been the foundation of the success of this initiative. It's the great passion for technology that ATM participants inspire one another with. See for yourself



Where did the idea for the ATM come from? Imagine a team of over 600 experts. When you work in different locations, it's difficult to integrate with one another and share knowledge. Allegro Tech Meeting is a unique event where everything is possible.

Allegro Tech Talks – Let's talk about IT

We really like the convention of a meet-up or a short thematic meeting taking place somewhere nearby. It's a bit like an industry meeting taking place next door. In 2017, we attended 48 such events.

Allegro Tech Talks, one of our initiatives, gained a permanent spot in the calendar of events of the IT industry. It's a series of meetings during which Allegro experts talk about projects implemented at Allegro, problems which we need to address and original solutions

we implement. We are always open to keeping the topics of our events diverse, which is why the invited speakers are also people from outside our organization, including foreign guests.

All seat occupied is what the Allegro Tech Talks became known for.

Sharing knowledge in Allegro:

54 conferences

48 meet-ups

226 presentations

110 external speakers

nearly **500** hours of sharing knowledge

over **30,000** participants

55 open source projects



What are you looking for in Allegro?

Another event organized by Allegro is the **BrainCode**, which is our annual coding marathon. It is organized in cooperation with the best universities in Poland. The fourth edition of the hackathon under the “What are you looking for in Allegro?” slogan was organized in three cities at the same time: in Poznan, Torun and Warsaw. The event was attended by 100 people in 2017, mainly students, fresh graduates, but also experienced developers. The event took place in our offices, which allowed the participants to feel the atmosphere of our everyday work, while working on their assignments. Each member of the winning team received a PLN 500.00 voucher for use in the allegro.

pl mobile app. A dozen or so participants advanced to the next stage of recruitment in the Allegro Summer e- Xperience internship scheme.

How much time do you need to create an application prototype? BrainCode participants needed only 24 hours.

Brain Code stands for:

24 hours of brain cell activity

100 participants (students, graduates, experienced developers)

3 winning teams of developers



CHARITY WORK

Millions of buyers and sellers use our services. Our platform is a tool that allows us and our sellers to be successful in business. We decided to take advantage of the proven Allegro mechanisms and make them available to all kind-hearted people out there. That's how Charitable Allegro was created. It's a space where any public benefit organisation can raise funds for its most important social goals. No fees or commissions are charged. We provide the technological solutions necessary for the platform

to work at peak performance and we also become partners in selected initiatives. Regardless of whether you participate in the auction of football souvenirs worth hundreds of thousands of zlotys or throw 5 zlotys into a virtual collection box, you join the community of people with kind hearts. Let us warn you, though, that helping is addictive!



Execution of Allegro's CSR strategy for 2017-2019

"We keep investing in communities" Pillar

| Specific objectives | Measures of success | Status |
|---|--|------------------|
| Identifying strategic areas for social involvement, including defining social impact indicators | Development and implementation of the Corporate Community Involvement (CCI) strategy | Planned for 2018 |

Allegro Charity in numbers:

249,268 listings

277 fundraising purposes

277 registered public benefit organizations (PBOs)



The amount raised: PLN 10,474,042.39
Number of smiles: countless

allegro Charytatywni

Great Orchestra of Christmas Charity (Wielka Orkiestra Świątecznej Pomocy, WOSP). We've been playing together for 18 years!

The 25th WOSP Final proved to be record-breaking as far as auctions on the Allegro platform are concerned. Not only did we raise more than in 2016, but the amount of funds raised for WOSP has increased threefold over the past three years.

We supported WOSP in several ways:

- Through auctions organised on the Allegro charity platform aukcje.wosp.org.pl,
- Through rzeczyodserca.pl or the option to drop a coin into the Virtual Collection Box in the Allegro mobile app.

This year, Internet users have not disappointed as well. They have shown support for WOSP, among all, bidding, listing items for sale, recording videos promoting auctions or putting money into the Virtual Collection Box.



Thanks to the involvement of our users, we managed to raise PLN 9,141,390.87 and thus beat the previous year's record!

The most expensive auctions included:

- A day with Donald Tusk in Brussels PLN 370,200
- Rafał Sonik's Dakar Rally quad PLN 150,000
- Your face on a card from the new game by the creators of The Witcher PLN 55,199.00 zł

The 25th WOSP Final and Allegro in numbers:

114,999 number of
WOSP-related listings

PLN 186,325.67
is the amount raised thanks to the Virtual Collection
Box in the mobile Allegro app

**every
10 seconds**

is how often listings were published on the
day of the 25th WOSP Final



**The amount raised: PLN 9,141,990.87 including
PLN 1,150,805.62 raised through rzeczodserca.pl**

Straight from the heart

The rzeczyodserca.pl website is a unique form of support for WOSP. This is already the fifth series of auctions on the site, where actors, athletes and bloggers, to name just a few, posted videos telling the story of the auctioned items that were important to them, and where users became the new owners by bidding, which gave the purchased items a new meaning. Not only material objects were auctioned on the website. You could also bid in an auction to have dinner with Robert Lewandowski or get your hands on a Mick Jagger's guitar.

It would take 10 days straight to watch all the videos on rzeczyodserca.pl.

rzeczyodserca.pl

The 5th edition of rzeczyodserca.pl in numbers:

178 number of videos posted

293,478 number of users

PLN 1,150,805.62 the amount raised in the 4th edition

221,520 the number of views of the most popular video



The Allegro team responsible for WOSP activities also publishes auctions each year. In this edition, they included training with Allegro experts, hanging out in the Allegro zone at the Woodstock festival, and Polish Legends scripts with the authors' autographs.

Gift a Teddy Bear

We have supported the Gift a Teddy Bear initiative organized by the “You are not alone” (Nie jesteś sam) TVN Foundation since the very beginning, that is for the twelfth time in 2017. The sale of teddy bears starts in the pre-Christmas season, and their appearance is designed by the friends of the Foundation each year. In 2017, the fashionable outfits for the four stuffed toys were created by Tomasz Ossoliński, Maciej Zień, Bizuu and 303 Avenue. All proceeds were donated for the treatment and rehabilitation of those that the “You are not alone” TVN Foundation helps. Those who purchased the toy

did not cover any additional costs, such as shipping. Each bear was different and unique, and the purchase supported a noble cause. The teddy bears also had their celebrity “ambassadors”. In 2017 the ambassadors were: Małgorzata Kożuchowska, Monika Olejnik, Magda Gessler and Filip Chajzer. We also support the “Gift a Teddy Bear” campaign in the area of technology. We created the podarujmisia.allegro.pl website, where users can buy teddy bears a few weeks before Christmas. 29,509 stuffed toys were sold through the site in 2017.



During the twelve years of our involvement in the campaign, over 180,000 teddy bears have found their owners thanks to Allegro.

Goodness and taste of Poznan's tradition

We started our company in Poznan. We have ties with this city and, as befits the citizens of Poznan, we celebrate the name day of St. Martin, the patron of charity. Already for the third time, through our allerogal.allegro.pl website we deliver genuine and certified St. Martin's Croissants to various parts of the world, and for each Allerogal (AlleCroissant) purchased we donate PLN 1.00 for the purchase of Christmas packages for the little patients from the oncology department of the K. Jonscher University Hospital in Poznan.

In each charity event on our platform, we offer our customers the opportunity to help in several additional ways:

- Transfer money to the Virtual Collection Box,
- Make any deposit directly to the fundraising account,
- Buy a croissant and then send it as a gift or put it up for auction.

AlleCrossaints in numbers:

PLN 23,050

donated to the Foundation

11,403 kg

total weight of the croissants that were sold

17,873 number

of croissants sold



Employee volunteering

The Noble Parcel initiative is the first employee volunteering project of such a scale at Allegro. We have become involved in the Noble Parcel campaign that inspires Poles to take action. Together, we have helped 23 families from the Wielkopolskie, Mazowieckie, Kujawsko-Pomorskie and Malopolskie provinces.

742 people have been involved in the campaign, more than half of

all Allegro employees! The parcels for the families were worth over PLN 77,000.



Preparation of so many parcels was possible thanks to the incredible commitment of our employees, yet Allegro's support was also important. Apart from being encouraged to get involved, each team preparing parcels also received support in a slightly more tangible form – additional PLN 300. This helped send out several hundred packs in white and orange colours to the families in need. We hope that we managed to put smiles on their faces and made Christmas joyful. We know that next year we will definitely beat another record!

Talisman and Noble Parcel

Since the “English for beginners” Christmas advertisement, which has been viewed on YouTube almost 15 million times, when Christmas comes, Poles turn their eyes to Allegro. In 2017, we created another unique advertising spot entitled “Talisman”, in which we managed to incorporate the topic of helping those in need in our commercial communication. It’s an important social issue that we seem to overlook in our everyday lives. For the first time we have talked about our cooperation with the Noble Parcel in our advertising campaign, which is the most recognisable organization that supports those in need.

The “Talisman” advertising campaign was accompanied by a charity event, during which Allegro together with its customers and the Noble Parcel prepared parcels for

130 families from the Lublin province. On a special page we’ve presented stories of each of the families with a list of their needs. Our customers could support any family by selecting an item from the list and buying it on Allegro. They also selected a second item from the list which Allegro paid for. The items purchased this way were delivered to a special logistics centre created by us, and on the weekend of the Noble Parcel final they were shipped to the Lublin province to later be delivered to the families in need from the local Noble Parcel warehouse.





Marcin Dyczak
Chief Marketing Officer

Allegro is a modern and dynamically growing business – a place where millions of Poles keenly shop. While encouraging our customers to use Allegro services, we also try to make the story that we tell the world about us emphasise what core values we uphold: family, community, and willingness to help others. December is the “hottest” time for any trading company. In 2017, we decided to give a noble goal to this valuable advertising time. Our “Talisman” advertising spot promoted cooperation with Noble Parcel, one of the most well-known social initiatives valued by Poles. This is who we are here at Allegro. We like doing things that no one else would do. I hope it will never change!

Warm meals for children

Since 2014, we have been feeding children in community centres all around Poland together with the Food Banks and Danone as part of the "Share a good meal" campaign. In the past four years we have funded over 45,000 meals together with Allegro customers! By purchasing virtual food parcels on the charity platform, together we ensure children in a difficult financial situation can have a balanced

diet. Through this initiative, we also pursue educational and social goals, contribute to raising public awareness of child malnutrition, and encourage local leaders and organizations to take action to solve this problem.



ALLEGRO ALL FOR PLANET FOUNDATION

Our Allegro All For Planet Foundation combines ecology and sustainable transport with technology. We promote bicycles as the most eco-friendly means of transport, develop the bicycle infrastructure, encourage to lead a healthy lifestyle, and stimulate discussion. We engage our engineers, bicycle activists and the local government

in the foundation's activities. We use campaign data as well as publicly available data, and together we are building the rowerowapolska.pl website, which will be a unique knowledge base and repository of information about bicycles and cycling infrastructure.

Fundacja Allegro

allforplanet





Krzysztof Śpiewek
CSR Manager
Allegro All For Planet
Foundation

Social initiatives have been woven deep into Allegro's DNA since the company was founded. I am happy to have been contributing to their implementation for 18 years! As an organisation, we demonstrate that technology can solve human problems. We reach a wide audience thanks to our technological solutions. We pursue our goals through the charytatywni.allegro.pl platform and our Allegro All For Planet Foundation. It was established in 2008 to promote healthy and ecological attitudes. For six years, we have been mobilising thousands of Poles as part of our Spin Kilometres campaign. It's the Foundation's largest project so far. In 2017, we travelled over 55 million kilometres. That's roughly the distance between Earth and Mars! Poles want and love to travel by bike, and the successes of the campaign can serve as the best proof. Organising such large projects sometimes resembles riding a roller-coaster, but the satisfaction of working on projects that are recognizable by the Poles, and change things for the better at the same time, is indescribable.

Give me all you've got!

The "Spin Kilometres" campaign is the largest bicycle social campaign addressed to all Poles, in which prizes are designer bicycle racks. There are almost 3,000 parking spaces for bicycles all around Poland, which were won in the previous editions. In the cities that have travelled the most kilometres, we will organize shows involving robots and other technological inventions, machine and toy programming workshops, and many other events. We organized the first Allegro Tech Day, which was very popular with the participants, in July 2017 at Pixel in Poznan.

What are the rules? The person who travels the most kilometres wins!

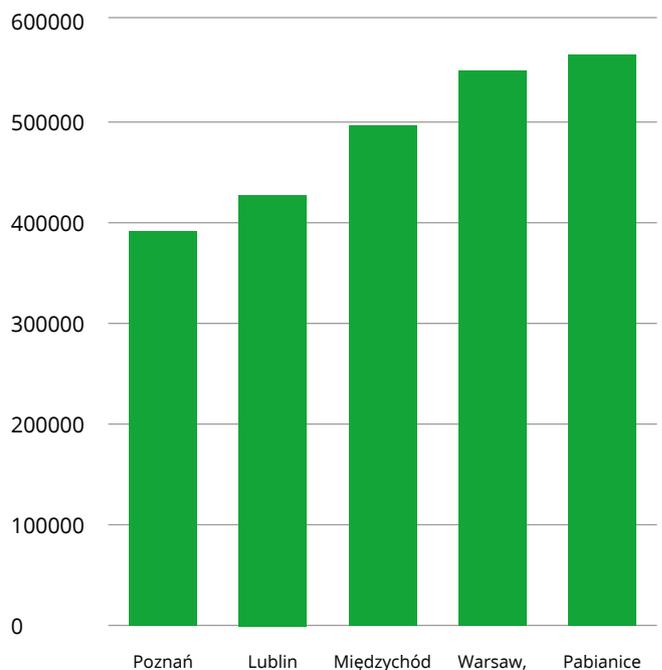
Join the competition on kreckilometry.pl. Choose your favourite sport tracking application and compete for prizes! You do not need to download a dedicated Rotate Kilometres application, as we have opened our technology in 2017. After the end of your activity, the application will automatically sum up the travelled kilometres. Remember to keep track of the competition challenges that you can join and earn individual prizes. When you log in to the



application, you choose the city which you will transfer your accumulated kilometres to. The travelled distance is counted throughout the entire campaign.

The following cities lined up to join the 6th edition of Spin kilometres for technology: **Pabianice, Warsaw, Międzychód, Lublin i Poznań**. These cities won the Allegro Tech Days events.

The number of kilometres travelled in the 5 winning cities



Over 55 million kilometres were travelled in 5 months by the participants of the 2017 edition of the "Spin Kilometres for Technology" campaign.

Initiative in numbers:

**50
thousand km**

comes from the Allegro employee challenge

189,852 people took part in
the campaign in 2017

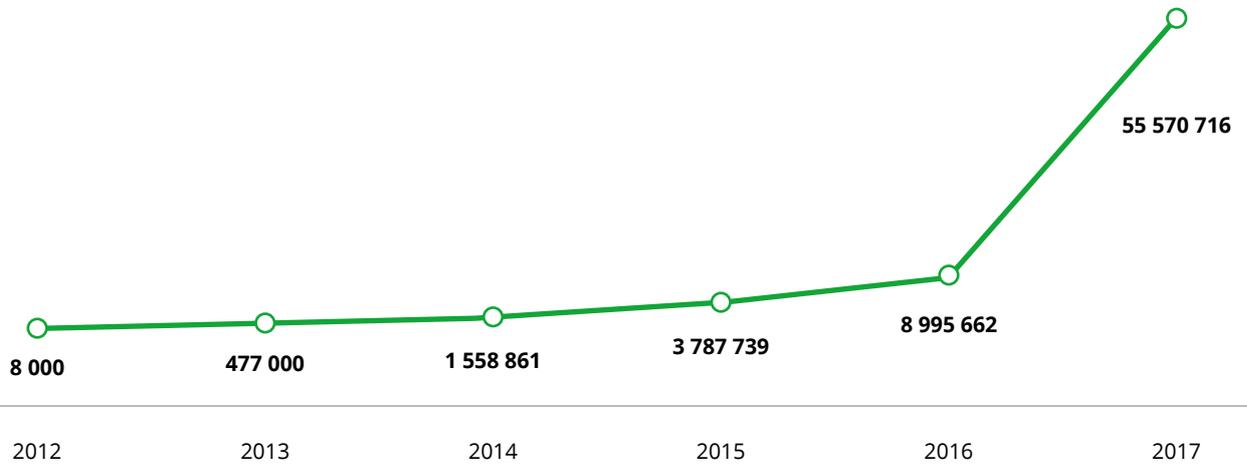
over 50 social partners
supported the campaign

1,194 cities competed in the
campaign



During the six years of the campaign, the participants travelled a total of 70,500,000 km, circling the Earth almost 1,760 times.

The number of kilometres travelled in the 5 winning cities



Park your bike

The lack of safe and comfortable parking spaces for bicycles is a problem for all cyclists and one of most pressing urban infrastructure challenges. We're changing this by installing colourful and modern bike racks all around Poland as part of the "Eco-friendly parking" campaign. Stands are always installed in places that meet safety requirements and where they are needed the most. The cyclists themselves

as well as institutions, local governments, officers and bicycle officials with whom we consult our projects inform us about where they should be located.

So far, we have installed the most stands in Krakow.

Campaign in numbers:

1,306 stands all around Poland

198 locations in 62 cities in Poland

2,612 parking spaces



Tour de Woodstock and Allegro Zone at the most beautiful festival in Poland



In 2017, we took part in the Woodstock Festival for the eighth time. We prepared a chill out zone for the participants of the event, a children's play zone and an iconic Ferris wheel.

We also invited them to take part in the "Spin Kilometres" campaign. In the special Tour de Woodstock zone, we organized a virtual cycling route where the participants travelled kilometres in the Tour de Woodstock race. From the first day of the festival to its end we displayed a list of participants who travelled the 2-kilometre distance in the

shortest time on a special screen. 923 people joined the fun and the winner finished the race in 3 minutes and 22 seconds. A bicycle parking lot was made available for the first time at the Woodstock Festival.

We took advantage of the time spent at the Festival to promote 'eco' solutions. Participants could use a "bicycle shower", recharge their phone on an ecological "charging bench" or recharge it using a special "power bike".

**Allegro Zone
at the Woodstock Festival**

over **27,000** visited
the Allegro Zone

13,000 rode our Ferris wheel,
rising to 36 metres above the ground

925 participants raced
in Tour de Woodstock



See you at the next edition of the Festival in 2018! :)

ECOLOGY AT ALLEGRO



At Allegro, we believe that every form of activity that benefits the environment is needed. We support and encourage employees to always and everywhere follow a few basic and simple rules listed in the **Allegro Environmental Declaration**.

The Allegro Environmental Declaration obliges all employees to:

- Care for the environment during their everyday activities and when planning new ones
- Raising awareness and sharing knowledge about environmental protection among our users, employees and business partners
- Promoting responsible purchases
- Responsible waste management
- Minimising energy consumption
- Rational use of water
- Rational use of paper
- Promoting environmentally friendly means of transport

Execution of Allegro's CSR strategy for 2017–2019

"We promote healthy and ecological attitudes" Pillar

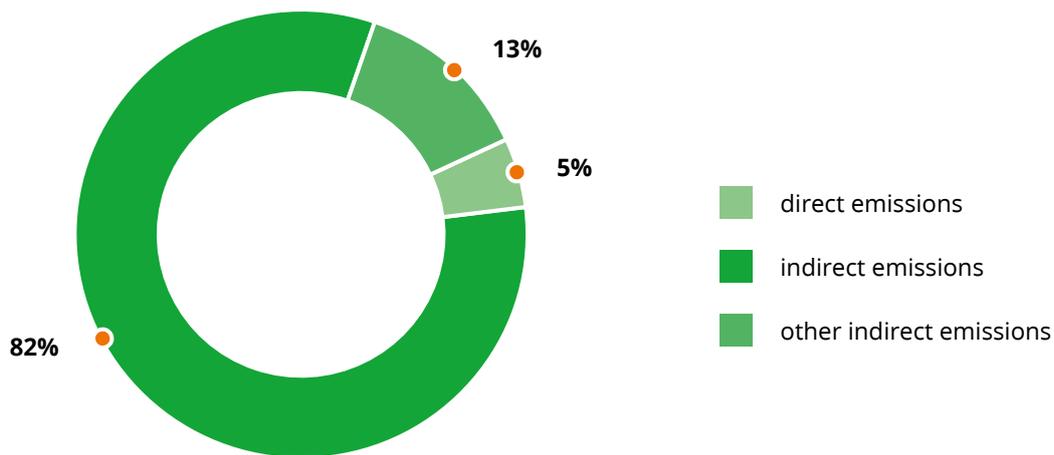
| Specific objectives | Measures of success | Status |
|--|---|-------------------|
| Promotion of healthy and ecological principles in everyday lives | Organization of the so-called Health Initiative and development of long-term health promotion activities among employees in all branch offices | Completed in 2017 |
| Supporting the passions of employees related to a healthy and ecological lifestyle | Launching a project aimed at supporting the passion of Allegro.pl employees | Planned for 2018 |
| Promotion of the environmental policy among employees | Updating the existing Environmental Declaration and implementation of new activities affecting the level of environmental awareness among the employees in all branch offices | Completed in 2017 |

Emissions

Our carbon footprint in 2017: 2,488.5 tonnes of CO₂*

In 2017, over 82% of Allegro’s entire carbon footprint came from indirect emissions related to the consumption of electricity and heat by Allegro branch office, while 5% come from fuel combustion in vehicles. The remaining 13% of indirect emissions are generated by public transport.

* The carbon footprint has been estimated. We do not have accurate data on fuel consumption in all cars. We have assumed average consumption at 9.5 litres per 100 km and that all cars run on petrol. We do not include electricity consumption by our server rooms in our calculations. Also, we did not distinguish between different means of transport in 2017, therefore individual destinations were analysed manually.



| Direct emissions (according to Scope 1 of the GHG Protocol) | Indirect emissions (according to Scope 2 of the GHG Protocol) | Other indirect emissions (according to Scope 3 of the GHG Protocol) |
|---|---|--|
| Fuel consumption in own vehicles (petrol) | Consumption of purchased electricity Consumption of purchased heat | Fuel consumption from fuel combustion during business trips (airplanes, trains, taxis) |

Methodology: Carbon footprint was calculated based on the “A Corporate Accounting and Reporting Standard” Green House Gas Protocol methodology. The data on emissions come from the Guidelines to DEFRA’s / DECC’s Greenhouse Gas Conversion Factors for company reporting, kape.gov.pl and electricity suppliers.

Electronic waste

We organize the pick-up of used electrical and electronic equipment in all of our locations, which is sent for recycling. In 2017, we recycled 6,528 kg, including monitors, electronic components, batteries and accumulators. In all the cities

in which we have our branch offices, we have fitted our kitchens with sorting litter bins for paper and plastic. We have also provided containers for used batteries.

Energy

We conducted an energy audit in 2017. At Allegro, we consume the most electricity to maintain of our server rooms and the related infrastructure. This accounts for over 60% of our total energy consumption. All server

rooms operated by us boast a high level of energy efficiency. In addition, all buildings rented by Allegro meet high energy-saving standards.

| Consumption [in kWh] | Poznań* | Warsaw* | Toruń* | Kraków* | Wrocław* | Błonie* |
|-------------------------|--------------|------------|-----------|-----------|-------------|--------------|
| Electricity | 842,321.28 | 476,270.00 | 80,120.41 | 31,984.00 | 65,011.50** | 1,495,707.19 |
| Heat from the network | 1,238,761.10 | 224,950*** | 80,639.53 | n/a **** | n/a ***** | |

* based on data obtained from administrators

** no data for individual tenants – Allegro rents office space together with CENEO.pl

*** no data for individual tenants in the building; the stated heat consumption is the overall value reduced by the share of space in the building occupied by Allegro

**** data not available – Krakow does not draw heat from the municipal network, but its own boiler rooms

***** data not available – the cost of heat is included in the service charge



06

ABOUT THE REPORT



SHARE A SMILE

In the 2017 Allegro Corporate Social Responsibility Report you will find our most important activities, which put smiles on our customers' faces. For us, however, the report is not only a summary of what we did last year, but also a great opportunity to provide offer more joy to those who need it.



**18 smiles for
18 years of Allegro!**

In the content of the report, we have placed 18 smiles that represent the 18 years of Allegro's activity. Find them all to share a smile with a charity. Just find them in the content and click on each. The progress bar in the form of a frame will tell you how many smiles you need to find.

Who we are helping?

We in this together, so the more people read our report, the more we can offer to those in need. You will find information about the total number of shared smiles as well as the charity we currently support on the bar in the top part of the page. The campaign will continue until May 2019. We money raised will be donated to satisfy various needs. See the full list of beneficiaries:

- July–September – All for Planet Foundation – Spin Kilometres,
- October – Share a good meal – Food Bank,
- November–December – WOSP Foundation.

Allegro will donate up to PLN 100,000 to the individual organisations.

HOW WAS THE REPORT CREATED?

Creating the content of the report was a multi-stage process. Allegro's non-financial reporting topics have been defined in accordance with the Global Reporting Initiative - GRI Standards. In order to understand how our key stakeholders view the disclosed information, we conducted surveys among our key business partners, vendors, employees and social organizations. The report was also drawn up on the basis of our CSR strategy. We subsequently verified the important and interesting topics with our employees from the specific functions, so that the data presented in the report is as valuable as possible. After creating the content, we verified it again with the data collection team. The report was not verified externally.

The 2017 Allegro CSR Report (from 1 January 2017 until 31 December 2017) follows the Global Reporting Initiative international standards for non-financial reporting in its Core option. This is already the second Allegro report, which comprehensively presents our impact on social and employee issues as well as the natural environment. Reports are published annually (the previous report was released on 19 July 2017). In this year's report, no adjustments to the information presented in the 2016 report were necessary. There were no changes in this regard.



GRI INDICES TABLE

| Index number | Index name | Page |
|--------------------------------|--|----------------------------------|
| Profile indices | | |
| Our business | | |
| GRI 102-1 | Name of the organization | Our business |
| GRI 102-2 | Activities, brands, products, and services | Our business |
| GRI 102-3 | Location of headquarters | Our business |
| GRI 102-4 | Location of operations | Our business |
| GRI 102-5 | Ownership and legal form | Our business |
| GRI 102-6 | Markets served | Our business |
| GRI 102-7 | Scale of the organization | Our business |
| GRI 102-8 | Information on the organization's employees and other workers | Creative workplace |
| GRI 102-9 | Description of the supply chain | Cooperation with Allegro vendors |
| GRI 102-10 | Significant changes to the organization's size, structure, ownership, or supply chain during the reporting period | Our business |
| GRI 102-11 | Whether and how the organization applies the precautionary principle (precautionary principle in environmental policies) | Ecology at Allegro |
| GRI 102-12 | Externally-developed economic, environmental and social charters, principles, or other initiatives | Our environment |
| GRI 102-13 | Membership of associations | Our environment |
| CSR Strategy | | |
| GRI 102-14 | Statement from the most senior decision-maker of the organization | CSR Strategy |
| GRI 102-15 | Key impacts, risks, and opportunities | Letter from the Management Board |
| Ethics | | |
| GRI 102-16 | Values, principles, standards, and norms of behavior | Rules of the game |
| Management | | |
| GRI 102-18 | Governance structure of the organization, including committees of the highest governance body, REPORTING ASPECT: Indirect economic impact | Our business |
| Stakeholder involvement | | |
| GRI 102-40 | List of stakeholder groups engaged by the reporting organization | Our business |
| GRI 102-41 | Employees covered by collective bargaining agreements. REPORTING ASPECT: Conditions of employment | Creative workplace |

| Index number | Index name | Page |
|--|--|-----------------------------|
| GRI 102-42 | Basis for identifying and selecting stakeholders with whom the organization engages | Our environment |
| GRI 102-43 | Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group | Our environment |
| GRI 102-44 | Topics and concerns that have been raised through stakeholder engagement, and how the organization has responded, including through its reporting | Our environment |
| Reporting | | |
| GRI 102-45 | Entities included in the consolidated financial statements | How was the report created? |
| GRI 102-46 | Defining report content | How was the report created? |
| GRI 102-47 | List of material topics | Our environment |
| GRI 102-48 | Explanations regarding restatements of information contained in previous reports, giving reasons for restatement and their impact (e.g. mergers, acquisitions, change of base years or periods, nature of business, measurement methods) | ND |
| GRI 102-49 | Significant changes from previous reporting periods in the scope, extent or measurement methods used in the report | ND |
| GRI 102-50 | Reporting period | How was the report created? |
| GRI 102-51 | Date of most recent report (if published) | How was the report created? |
| GRI 102-52 | Reporting cycle (annual) | How was the report created? |
| GRI 102-53 | Contact point | Acknowledgement |
| GRI 102-54 | Claims of reporting in accordance with the GRI Standards in the Core or Comprehensive option (Core option) | How was the report created? |
| GRI 102-55 | GRI content index | GRI indices table |
| GRI 102-56 | Policy and current practice with regard to seeking external assurance for the report (no external assurance for the report) | How was the report created? |
| Detailed indicators | | |
| Economic themes | | |
| REPORTING ASPECT: Economic Impact | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Economic impact |
| GRI 103-2 | The management approach and its components | Economic impact |

| Index number | Index name | Page |
|--|---|------------------------------|
| GRI 103-3 | Evaluation of the management approach | Economic impact |
| GRI 203-2 | Significant indirect economic impact and its scale | Economic impact |
| Environmental themes | | |
| REPORTING ASPECT: Caring for the environment in Allegro | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Ecology at Allegro |
| GRI 103-2 | The management approach and its components | Ecology at Allegro |
| GRI 103-3 | Evaluation of the management approach | Ecology at Allegro |
| Energy | | |
| GRI 302-1 | Energy consumption within the organization | Ecology at Allegro |
| Emissions | | |
| GRI 305-1 | Energy consumption within the organization | Ecology at Allegro |
| Waste | | |
| GRI 306-2 | Total weight of waste, by waste type and disposal method | Ecology at Allegro |
| Social themes | | |
| REPORTING ASPECT: Conditions of employment | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Creative workplace |
| GRI 103-2 | The management approach and its components | Creative workplace |
| GRI 103-3 | Evaluation of the management approach | Creative workplace |
| GRI 401-1 | Total number of new employees and total number of employees who left their jobs in the reporting period (reported partially). | Creative workplace |
| GRI 406-1 | Total number of cases of discrimination | Rules of the game |
| REPORTING ASPECT: Employees benefits | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Creative workplace |
| GRI 103-2 | The management approach and its components | Creative workplace |
| GRI 103-3 | Evaluation of the management approach | Creative workplace |
| GRI 401-2 | Benefits provided to full-time employees | Creative workplace |
| REPORTING ASPECT: Occupational health and safety | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Health and Safety Initiative |
| GRI 103-2 | The management approach and its components | Health and Safety Initiative |
| GRI 103-3 | Evaluation of the management approach | Health and Safety Initiative |

| Index number | Index name | Page |
|--|---|------------------------------|
| GRI 403-2 | Type and index of work-related injuries | Health and Safety Initiative |
| REPORTING ASPECT: Education and training | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Constant development |
| GRI 103-2 | The management approach and its components | Constant development |
| GRI 103-3 | Evaluation of the management approach | Constant development |
| GRI 404-1 | Days of training per year per employee by structure of employment (reported partially) | Constant development |
| GRI 404-2 | Programs for upgrading managerial skills and continuing education | Constant development |
| REPORTING ASPECT: Employee evaluation | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Constant development |
| GRI 103-2 | The management approach and its components | Constant development |
| GRI 103-3 | Evaluation of the management approach | Constant development |
| GRI 404-3 | Percentage of employees receiving regular performance and career development reviews by gender and structure of employment | Constant development |
| REPORTING ASPECT: Products and services | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Our business |
| GRI 103-2 | The management approach and its components | Our business |
| GRI 103-3 | Evaluation of the management approach | Our business |
| Own indicator | The result of customer satisfaction | Satisfaction |
| REPORTING ASPECT: Marketing communication | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Satisfaction |
| GRI 103-2 | The management approach and its components | Satisfaction |
| GRI 103-3 | Evaluation of the management approach | Satisfaction |
| GRI 417-3 | Total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of result | Satisfaction |

| Index number | Index name | Page |
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| REPORTING ASPECT: Protection of customer privacy | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Customer safety |
| GRI 103-2 | The management approach and its components | Customer safety |
| GRI 103-3 | Evaluation of the management approach | Customer safety |
| GRI 418-1 | The total number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Customer safety |
| REPORTING ASPECT: Evaluation of vendors in terms of the working conditions they ensure | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Cooperation with Allegro vendors |
| GRI 103-2 | The management approach and its components | Cooperation with Allegro vendors |
| GRI 103-3 | Evaluation of the management approach | Cooperation with Allegro vendors |
| GRI 414-1 | Percentage of new suppliers that were screened using social criteria, working conditions and respecting human rights | Cooperation with Allegro vendors |
| Community involvement programs | | |
| GRI 413-1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | Education in technology Charity work Allegro All For Planet Foundation Education in technology Charity work Allegro All For Planet Foundation |

ACKNOWLEDGEMENT

This year's "Allegro CSR Report" was created thanks to the cooperation and involvement of several dozen people from the entire company, who provided us with reliable data and interesting information about Allegro. Without their help, we would not be able to create this report. We would like to express our sincere gratitude to all our colleagues who have devoted their time and made their image available for publication, as well as those who have been involved in the activities described in this report. We also thank CSR Info and ArtGroup for their support. Special words of appreciation and congratulations are due to our colleague Paulina Kazimierska, who boldly and vigorously explored the intricacies of non-financial reporting, assuming independent coordination of work on this report for the first time.

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**We hope that you smiled at least once
while reading our report!**

allegro

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