

SUSTAINABILITY REPORT OF IZOSTAL S.A. GROUP

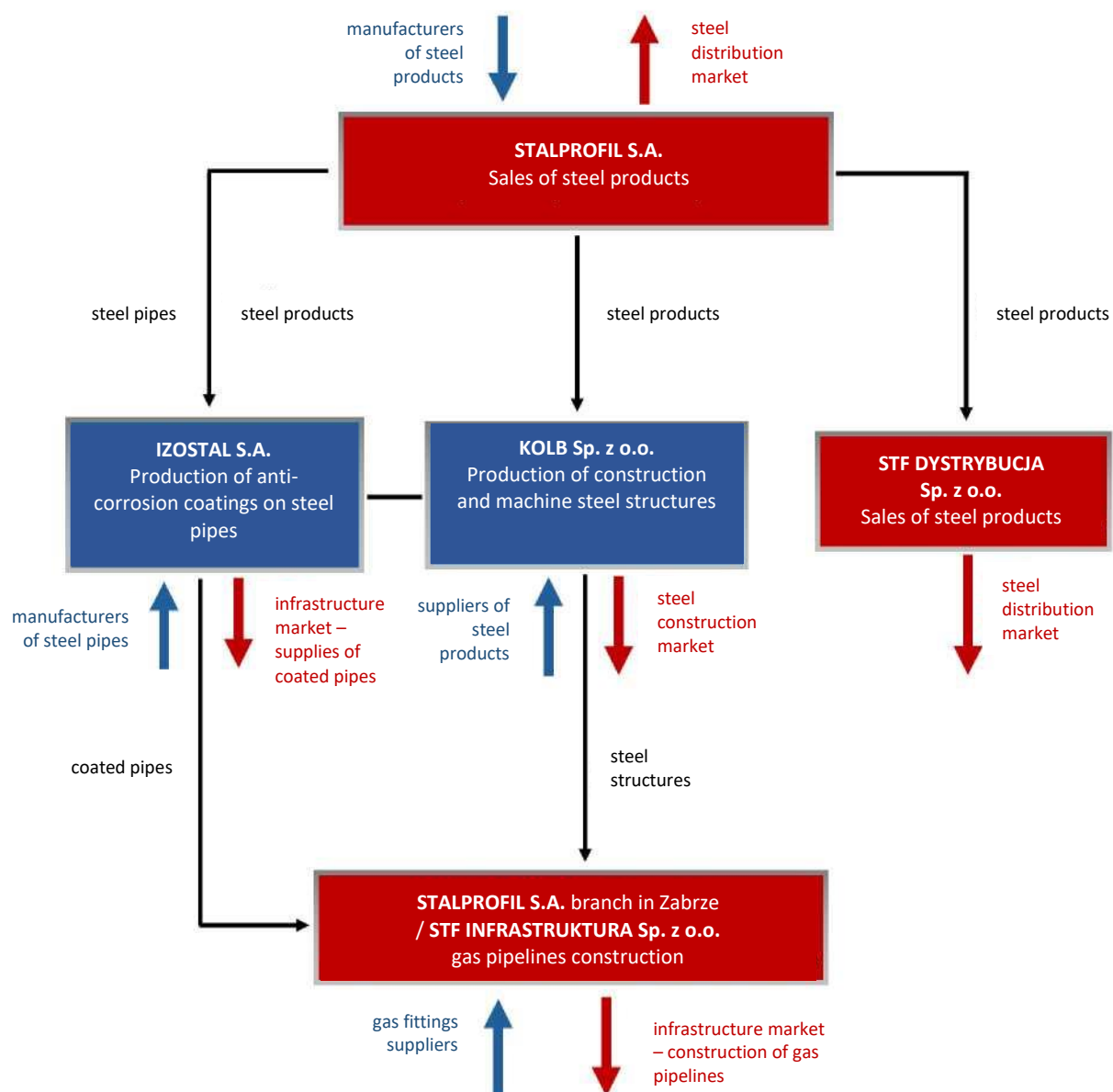
BASED ON INTERNATIONAL STANDARDS

EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)



ESRS 2

GENERAL DISCLOSURES



1 Basis for preparing the report and scope of reporting (BP-1, BP-2)

Sustainability statements have been prepared in accordance with the requirements of the CSRD Directive and the ESRS standards. The reporting covers the companies of Izostal Group of Companies: IZOSTAL S.A., KOLB Sp. z o.o.

2 The role of the administrative, management and supervisory bodies (GOV-1, GOV-2) of Izostal Group of Companies

- Management Board of Izostal S.A. - 2 members
- Supervisory Board of Izostal S.A. - 7 members

The Management Board and Supervisory Board of Izostal Group of Companies apply a structured approach to considering the impacts, risks and opportunities related to sustainability issues when overseeing business strategy, making decisions on major transactions and in risk management processes.

In 2024, there were no changes in the management structure that would impact ESG-related decision-making processes.



3 Due diligence statement and control system (GOV-4, GOV-5)

The Group conducts due diligence activities, including by analysing risks related to contractors and suppliers and through internal control mechanisms and risk management systems in the operational and financial areas. ESG risks are identified and managed as part of standard management processes.

4 Strategy, business model and value chain (SBM-1)

The Group's business model is based on two complementary segments:

- steel (trade and processing of steel products)
- infrastructure (pipe insulation, gas network construction).

Subsidiaries operate independently in separate markets, while the Group achieves economies of scale and leverages internal links within the supply chain.

As part of the ESG Strategy, Stalprofil Group of Companies has set long-term goals for 2025-2030, developed on the basis of a double-materiality analysis, taking into account the companies belonging to the Izostal Group.



The most important strategy pillars:

1 Striving to reduce greenhouse gas emissions

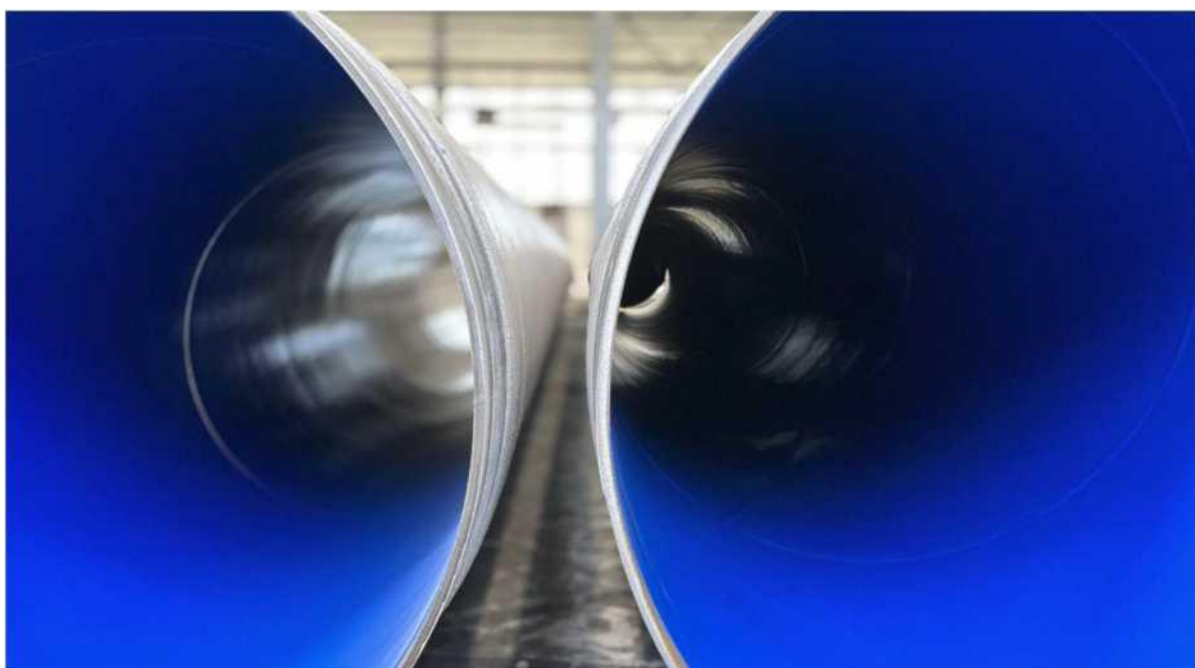
by constantly monitoring internal processes and searching for solutions that will reduce them.

2 Investing in new technologies that reduce the carbon footprint

high-bay warehouses, welding machines, laser cutting machines, photovoltaic installations powering high-bay warehouses.

3 Promoting ethical business practices across the entire value chain

- maintaining business relationships only with companies whose activities do not raise any ethical or business concerns,
- when selecting business partners - being guided by criteria such as: quality, reliability, price, usefulness and method of service provision;
- obliging business partners to familiarise themselves with the principles and values contained in the Group's code.



5 Interests and opinions of stakeholders (SBM-2)

According to the analysis conducted, the Izostal Group identified four key stakeholder groups that were included in the dual relevance analysis process through their involvement:

4 key stakeholder groups

who were included in the double significance analysis process through their involvement:



Stakeholder type	Number of stakeholders	Number of responses	Percentage
Employees	90 people	57	63%
Corporate clients	10 entities	1	10%
Suppliers	23 entities	12	52%
Financial institutions	10 entities	8	80%
		Total 78	

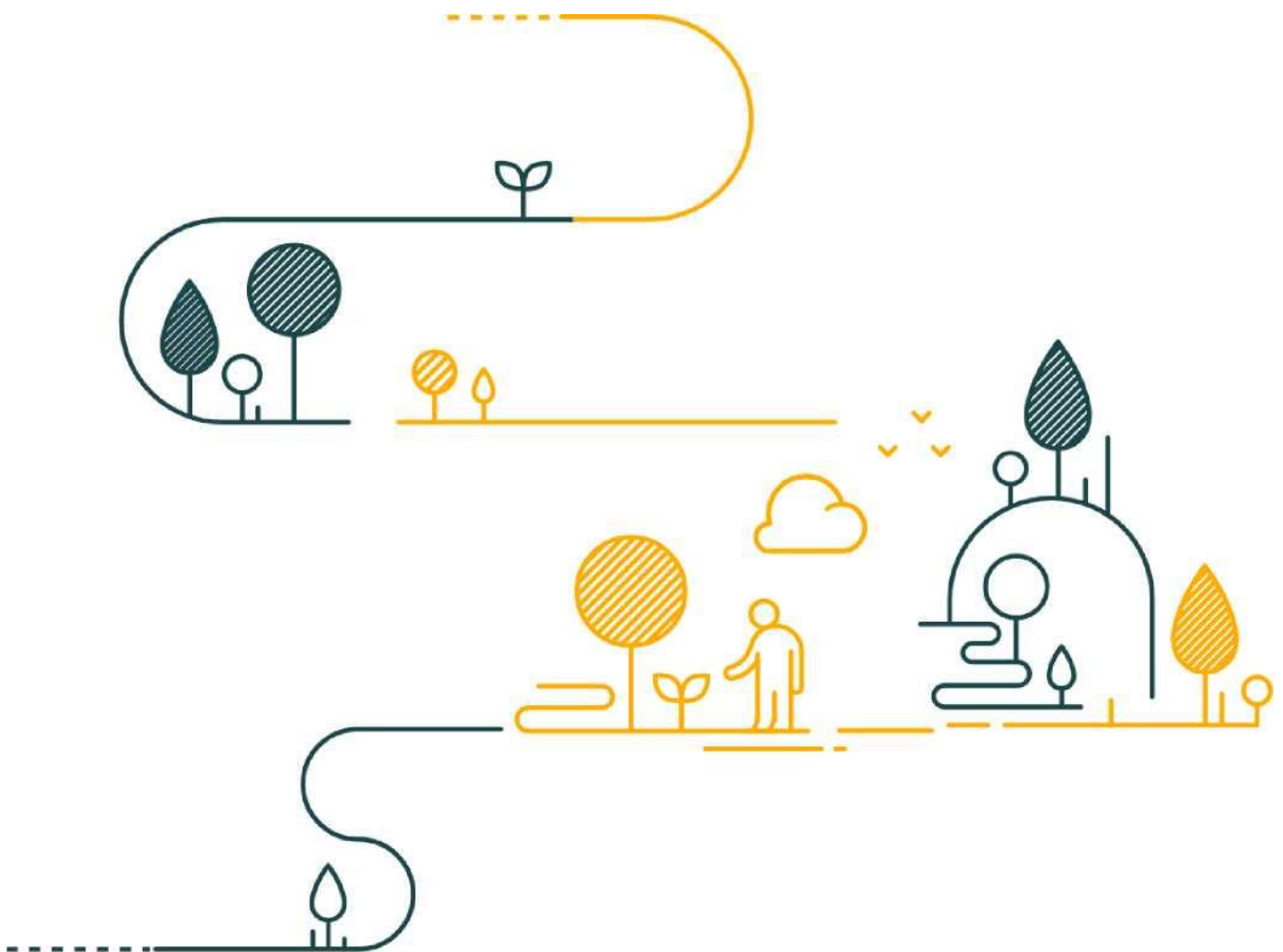
In all groups there was **direct contact and a relationship based on dialogue**. Quantitative and qualitative data were collected using an ESG survey and individual contact, with the option of customisation and real-time results monitoring.

DOUBLE MATERIALITY ASSESSMENT RESULTS:

Significant topics

NEGATIVE:	POSITIVE:
Climate change (E1): <ul style="list-style-type: none"> • IMPACT: Negative impacts resulting from greenhouse gas emissions (Scopes 1, 2, 3) and energy consumption in manufacturing and construction activities. • IMPACT: Negative impact due to high energy consumption. 	Own employee resources (S1) <ul style="list-style-type: none"> • IMPACT AND OPPORTUNITY: Low employee turnover in the Group - Stability of employment and project implementation. • IMPACT: Additional benefits for employees, bonus systems and additional medical insurance
Pollution (E2): <ul style="list-style-type: none"> • IMPACT: Air pollution resulting from production. 	Affected communities (S3) <ul style="list-style-type: none"> • Social impact achieved through financial support for charitable activities
Circular economy (E5): <ul style="list-style-type: none"> • IMPACT: Consumption of raw materials and materials. • IMPACT AND RISK: Waste generation - Waste disposal costs 	Consumers and end users (S4) <ul style="list-style-type: none"> • IMPACT AND OPPORTUNITY: High attention to product safety - Building a competitive advantage thanks to an extensive quality control process
Own employee resources (S1): <ul style="list-style-type: none"> • Accidents at work and increased activities regarding occupational health and safety rules and the prevention of accidents at work. 	Business conduct (G1): <ul style="list-style-type: none"> • IMPACT: A comprehensive approach to ethics management and prioritisation of corporate culture activities • IMPACT: Protection of whistleblowers, protection that goes beyond statutory obligations. • IMPACT: Regular supplier evaluation and long-term cooperation with proven suppliers.

ENVIRONMENTAL



E – ENVIRONMENTAL

(Taxonomy, E1, E2, E5)

SIGNIFICANT TOPICS: **NEGATIVE**



E1 - Climate change

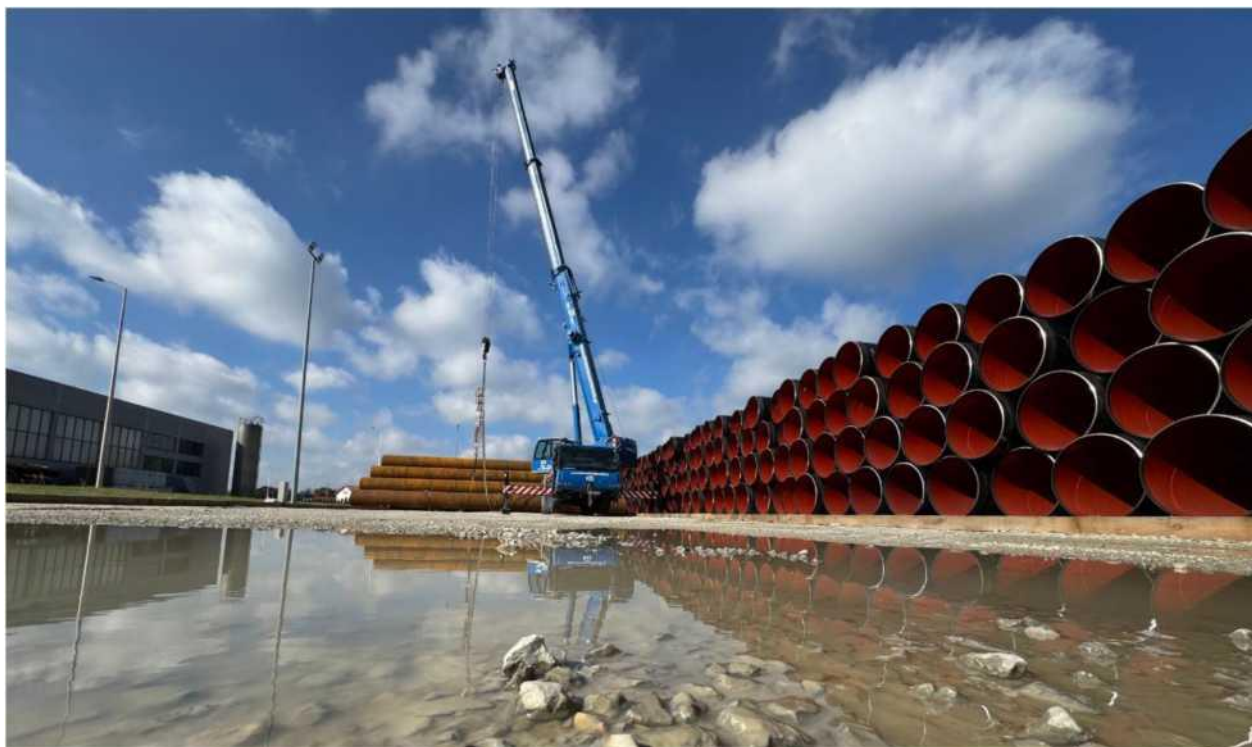
- **IMPACT:** Negative impacts resulting from greenhouse gas emissions (Scopes 1, 2, 3) and energy consumption in manufacturing and construction activities.
- **IMPACT:** Negative impact due to high energy consumption.

E2 - Pollution

- **IMPACT:** Air pollution resulting from production.

E5 - Circular economy

- **IMPACT:** Consumption of raw materials and materials.
- **IMPACT AND RISK:** Waste generation - Waste disposal costs.





E1 - Climate change

1 Greenhouse gas (GHG) emissions

Total Group GHG emissions in 2024:



1. Scope 1: **495.4 tCO₂eq**
2. Scope 2 (Market Based): **5711.5 tCO₂eq**
3. Scope 3: **300709.6 tCO₂eq**

Climate change (E1):

- **IMPACT:** Negative impacts resulting from greenhouse gas emissions (Scopes 1, 2, 3) and energy consumption in manufacturing and construction activities.
- **IMPACT:** Negative impact due to high energy consumption.

98% of GHG emissions are generated by Scope 3 (mainly purchases of steel products)

2 Carbon footprint (Scope 1–3)

15 categories

were analysed as part of the Scope 3 calculation.
The most significant emissions are generated by:



3 Energy consumption and energy

99,7%

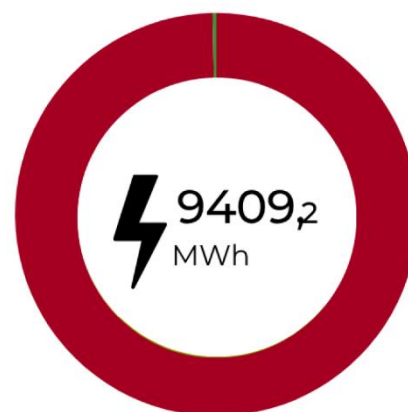
Share of fossil energy: 98.85%

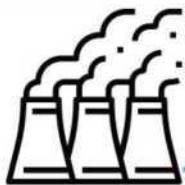
0,3%

Renewable energy share: 1.15%

Total energy consumption: **9409.2 MWh**

Energy consumption: **0.0000121936655243 MWh/PLN**





E2 – Pollution

1 Emissions management:

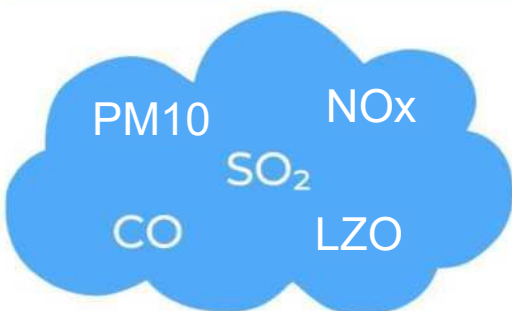
Pollution (E2):

- **IMPACT:** Air pollution resulting from production.

Emission monitoring procedures based on **ISO 14001** and **KOBiZE** (National Centre for Emission Balancing and Management)

➔ **98%**

efficiency of dust filters



- these compounds are included in emission monitoring



Resource use and circular economy (E5)

E5 – Circular economy and resources

Circular economy (E5):

- **IMPACT:** Consumption of raw materials and materials
- **IMPACT AND RISK:** Waste generation - Waste disposal costs

1 Waste:

483 434 kg total amount of waste generated

of which the following was recycled:

236 160 (48,9%) kg



36 894 kg

mass of non-recycled waste



247 270 kg (51,1%)

mass of hazardous waste



SOCIAL



S – SOCIAL



SIGNIFICANT TOPICS: NEGATIVE

S1 – Own employee resources

- Accidents at work and increased activities regarding occupational health and safety rules and the prevention of accidents at work.

SIGNIFICANT TOPICS: POSITIVE

S1 – Own employee resources

- **IMPACT AND OPPORTUNITY:** Low employee turnover in the Group - Stability of employment and project implementation.
- **IMPACT:** Additional benefits for employees, bonus systems and additional medical insurance.

S3 – Affected communities

- Social impact achieved through financial support for charitable activities

S4 – Consumers and end users

- **IMPACT AND OPPORTUNITY:** High attention to product safety - Building a competitive advantage thanks to an extensive quality control process





S1 – Own employee resources

1 Employment and working conditions

Own employee resources (S1)

- **IMPACT AND OPPORTUNITY:** Low employee turnover in the Group - Stability of employment and project implementation
- **IMPACT:** Additional benefits for employees, bonus systems and additional medical insurance

of the **288 employees** (238 men, 50 women)



~99%

are employed under

an employment contract

262 people are employed on a permanent basis

286 people are employed full-time

2 Salaries and wages

PLN 4,300 gross - national average

sector average: **PLN 7,726.97 gross**

99.65% received remuneration above the minimum wage

47.02% earned above the sector average



Other benefits include: extended social programmes, bonus and benefit systems, group life and health insurance, access to private medical care, Employee Pension Scheme, co-financing for sports activities and additional benefits under the Company Social Benefits Fund.

3 Occupational health and safety

100% employees covered by the **OHS system**



Own employee resources (S1)

- Accidents at work and increased activities regarding occupational health and safety rules and the prevention of accidents at work.

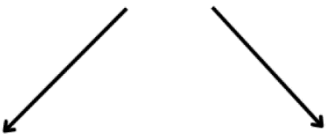
number of accidents: **4** fatal accidents: **0**



110 days lost due to injuries



ALL companies are subject to



OHS audits

ISO 45001 certification

STALPROFIL Group of Companies provides special communication channels for employees to report any concerns or needs:	
IZOSTAL S.A.:	sygnalista@izostal.com.pl
KOLB sp. z o.o.:	sygnalista@kolb.pl

Affected communities – specific topic – participation in the activities of the STALPROFIL Foundation (S3)

- a. S3.SBM-3 Significant impacts, risks and opportunities and their interaction with strategy and business model
- b. Policies related to affected communities (S3-1)
- c. Impact collaboration processes with affected communities (S3-2)
- d. Processes for remediation of negative impacts and channels for reporting problems by affected communities (S3-3)
- e. Taking action to address significant impacts on affected communities and applying approaches to manage risks and opportunities related to these communities and their effectiveness (S3-4)
- f. Objectives for managing significant negative impacts, increasing positive impacts, and managing significant risks and opportunities (S3-5)



S3 – providing financial support for charitable activities



The Group does not have a formal community policy, but implements its influence through the STALPROFIL Foundation and targeted donations from companies to organisations and individuals.

Affected communities (S3)

- Social impact of the STALPROFIL Foundation named after Jerzy Bernhard.

Total value of donations: **167 298,54 zł**

100 000,00 zł

to the Foundation

67 298,54 zł.

direct support



S4 – Consumers and end users

1 Product quality and safety

Consumers and end users (S4)

- IMPACT AND OPPORTUNITY: High attention to product safety - Building a competitive advantage thanks to an extensive quality control process

The Group operates a comprehensive quality management system compliant with

ISO 9001

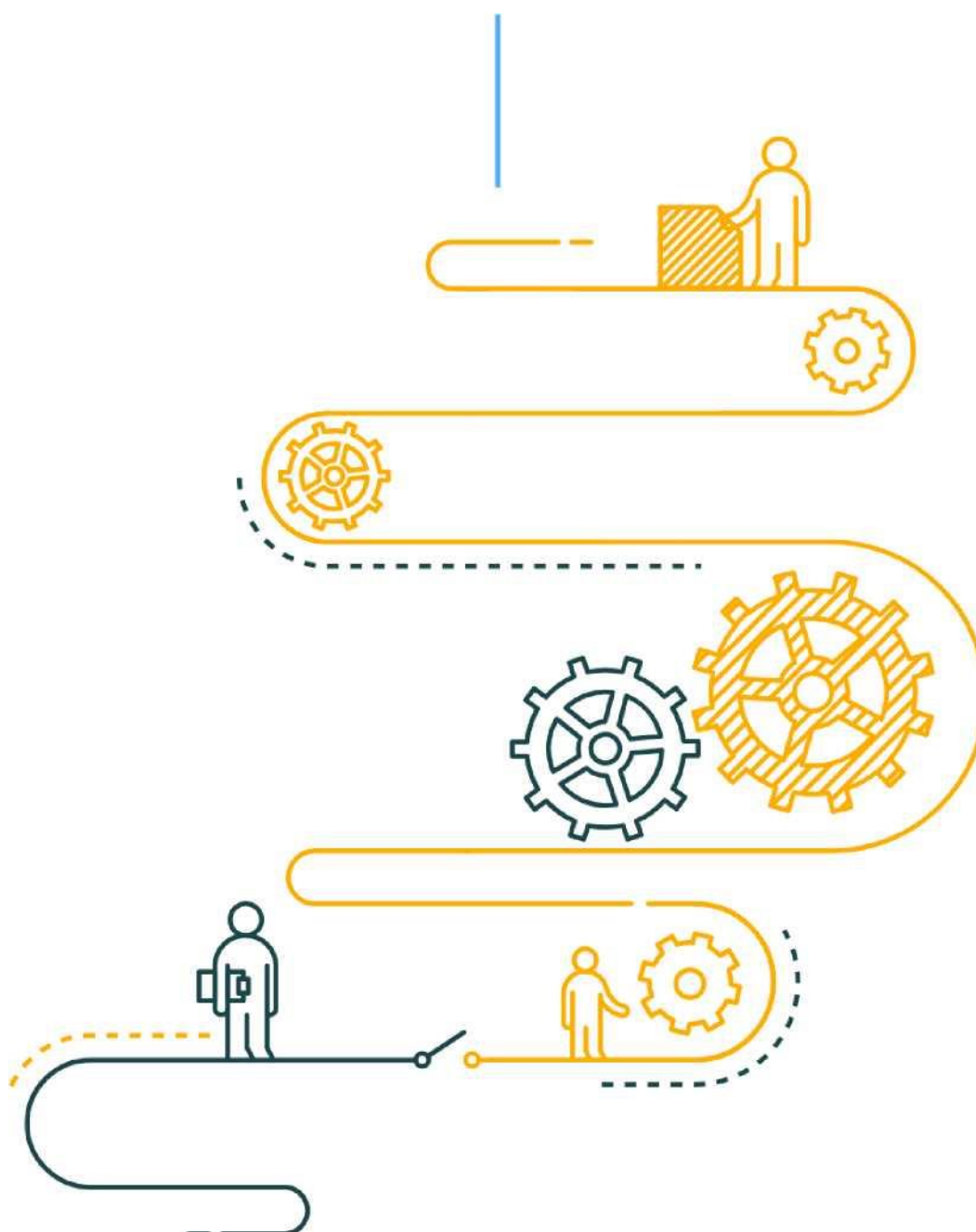
Each unit provides:

- complaint processes,
- quality control,
- complaint analysis

In 2024, **NO** significant incidents or violations of consumer rights were recorded.



GOVERNANCE



G - Business conduct

(Corporate culture, supplier relations, payments)

SIGNIFICANT TOPICS: POSITIVE

- **IMPACT:** A comprehensive approach to ethics management and prioritisation of corporate culture activities.
- **IMPACT:** Protection of whistleblowers, protection that goes beyond statutory obligations.
- **IMPACT:** Regular supplier evaluation and long-term cooperation with proven suppliers.

G1-1. Business conduct policies and corporate culture

Uniform ethics and compliance principles have been implemented in [all subsidiaries](#).

an integral element of the compliance policy:

**whistleblower
protection**

The Group has implemented procedures for reporting violations of law, which provide, among other things, for confidentiality and the absence of retaliation against those reporting them. Reports can be made via dedicated contact channels, in accordance with the requirements of the Whistleblower Protection Act and EU Directive 2019/1937

Business conduct (G):

- **IMPACT:** A comprehensive approach to ethics management and prioritisation of corporate culture activities.
- **IMPACT:** Protection of whistleblowers, protection that goes beyond statutory obligations.
- **IMPACT:** Regular supplier evaluation and long-term cooperation with proven suppliers.

G1-2 Supplier relationship management

The following standards apply to supplier relations within the Group:

ISO 9001
ISO 14001
ISO 45001

Izostal Group companies also obtain environmental product declarations (EPDs) in accordance with ISO 14025 and EN 15804+A1 standards, as an element of managing environmental impact in the supply chain. The selection of suppliers also takes into account social, ethical and environmental criteria set out in the Code of Ethics.

G1-6 Payment practices



23 days is the average time of settling liabilities (from the date of the obligation to the payment).

Furthermore, the Group declares that: **100%** of liabilities are settled on time

There were **NO** cases of legal proceedings for late payments in 2024.

The preferred payment terms for the main supplier categories are:

up to **30 days** for goods suppliers

up to **30 days** for transport service providers

up to **14 days** for other service providers



izostal sa

Stalprofil S.A. Group

Izostal S.A.

ul. Opolska 29
47-113 Kolonowskie

Telephone:	+48 77 405 65 00
Fax:	+48 77 405 65 01
E-mail:	info@izostal.com.pl