

REPORT

ON THE ACTIVITIES OF SUPERVISORY BOARD OF FORD IN 2012

1. COMPOSITION OF THE SUPERVISORY BOARD IN 2012:

During the financial year 2012 the Supervisory Board of the seventh term worked in the same composition and at 31 December 2012, the composition of the Supervisory Board was as follows:

Jerzy Bernhard	- Chairman of the Board
Zdzisław Mendelek	- Vice Chairman of the Board
Jan Chebda	- Secretary of the Board
Jan Kruczek	- Member of the Board
Lech Majchrzak	- Member of the Board
Adam Matkowski	- Member of the Board

2. ACTIVITIES OF THE SUPERVISORY BOARD:

Members of the Supervisory Board of IZOSTAL SA performed their duties based on Principles of the Corporate Governance, provisions of the Commercial Companies Code, Statute of the Company, and Regulations of the Supervisory Board, when performing permanent supervision over the activities of the company in all fields of its operations.

According to the above documents, from the moment of obtaining the status of a public company, the Audit Committee has been appointed under the Supervisory Board, which has been elected from among their members by the Supervisory Board. In the financial year 2012, the following members of the Supervisory Board were members of the Audit Committee:

Jan Kruczek	- Chairman of the Audit Committee
Adam Matkowski	- Vice Chairman of the Audit Committee
Zdzisław Mendelek	- Secretary of the Audit Committee

The Supervisory Board of IZOSTAL S.A. performed constant supervision and control over the current operating and financial activity of the Company, taking decisions in the form of resolutions, recommendations and arrangements, and also expressing factual opinions.

In the period from 01.01.2012 to 31.12.2012 the Supervisory Board held three meetings. The main theme and subject, of permanent control and supervisory actions, considered by the Supervisory Board during the reporting period was the analysis of the current economic and financial standing of the Company. The Supervisory Board also oversaw the implementation of accepted assumptions of the approved, by the Company, Plan of the Company in particular quarters of 2012, including investment plans. The Supervisory Board examined the documents of the Company and obliged the Management Board to provide explanations and prepare current analyses and reports. During the reporting period, the Supervisory Board had given its opinions on the amendments to the Statute of the Company, and after their adoption by the General Meeting, the Supervisory Board determined and adopted the consolidated text of the Statute of the Company.

Executing its statutory duties, the Supervisory Board approved the Management Board report on the Company operations for the year 2011 and the financial statement for the financial year 2011 and also the proposal of the Management Board regarding the appropriation of the profit asking the General Meeting for their approval.

The Supervisory Board also accepted the "Report of the Supervisory Board on the results of the assessment of the financial statement for 2011," which was presented to the General Meeting, and in addition, in view of the positive assessment of the work of the Management Board, the report constituted the basis to petition for giving the vote of approval to the members of the Management Board.

The Supervisory Board through the Audit Committee works closely with external auditor who reviewed the financial statements in 2012.

Evaluating the risk management significant to the Company and internal control the Supervisory Board states that the undertaken actions of the Management Board, which include periodic control of risk management and compliance of that process with the adopted standards, and also continuous analysis of risk management, having in mind, opportunities for improvement in this area, are appropriate and they facilitate development of mechanisms eliminating or minimizing the arisen risks. The identified main risk factors concerning the Company are continuously monitored in order to determine whether their identification and the measures taken to minimize the particular areas of risk are properly done and whether appropriate measures and solutions are used.

Based on the carried out analyses, the Supervisory Board considers that the risk management process in the Company performed by the Management Board of the Company as part of its operations together with the management of the Company which participates in the process of risk identification and prevention of its effects, is done correctly. In addition, the Supervisory Board has also made a positive assessment of functioning of the internal control in the Company. In Izostal S.A. the internal control is conducted by the Management Board, executives, and other employees within the scope of their duties. The mechanisms of internal control ensure compliance of the carried out activities with the rules and procedures developed for particular areas.

All the relevant issues, being the subject of the meetings of the Supervisory Board and not requiring passing resolutions were placed in the minutes of the meetings of the Board taking the form of motions and recommendations.

Zawadzkie, 10.04.2013

Signatures of the members of the Supervisory Board of IZOSTAL S.A.

Jerzy Bernhard	- Chairman of the Board
Zdzisław Mendelek	- Vice Chairman of the Board
Jan Chebda	- Secretary of the Board
Jan Kruczek	- Member of the Board
Lech Majchrzak	- Member of the Board
Adam Matkowski	- Member of the Board