

**INDEPENDENT AUDITOR'S REPORT**  
**FROM THE PERFORMANCE OF A SERVICE GIVING REASONABLE**  
**ASSURANCE ON THE ASSESSMENT OF THE REMUNERATION REPORT**

**for the General Meeting and the Supervisory Board  
of Izostal Spółka Akcyjna**

*Subject of service*

We have been engaged to assess the attached remuneration report of **Izostal Spółka Akcyjna** ("*the Company*") for 2020, prepared by the Supervisory Board, as regards the completeness of the information included therein in accordance with Article 90g of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies (Journal of Laws of 2020.2080, hereinafter referred to as "the Public Offering Act").

*Identification of evaluation criteria*

For the purpose of evaluating the remuneration report prepared by the Supervisory Board, we have used the criteria contained in Article 90g(10) of the Public Offering Act as, in our opinion, appropriate to reach a conclusion that provides reasonable assurance.

Pursuant to the aforementioned article, the remuneration report is subjected to evaluation by the statutory auditor with regard to including therein the information required pursuant to Article 90g sec. 1 - 5 and 8 of the Act on Public Offer, i.e. concerning:

- a comprehensive review of the remuneration of individual members of the management and supervisory boards in accordance with the remuneration policy,
- the amount of total remuneration of the members of the management and supervisory boards divided into fixed and variable components, and mutual proportions between those components,
- explanation of how the total remuneration of the Supervisory Board Members is in line with the remuneration policy, including how it contributes to the long-term performance of the company;

- Information on how the performance criteria were applied;
- information about the change, on an annual basis, in the remuneration of members of the management and supervisory boards, the company's results and the average remuneration of the company's employees who are not members of the management or supervisory boards, over a period of at least the last five financial years, on an aggregate basis, in a way allowing for comparison;
- the amount of remuneration of management and supervisory board members from entities belonging to the same group,
- the number of financial instruments granted or offered to members of the management and supervisory board members and the main conditions for the exercise of the rights conferred by these instruments, including the price and the exercise date and any amendments thereto;
- information on the use by management and supervisory board members of the possibility to claim reimbursement of variable remuneration components;
- information on deviations from the procedure for implementing the remuneration policy and temporary deviations from the application of the remuneration policy, including an explanation of the rationale and procedure, and indication of the elements from which deviations were applied.
- information about the value of pecuniary or non-pecuniary benefits granted to the closest members of the management or supervisory board, if any.

By auditor's assessment we mean the assessment whether, in all material respects, the scope of information presented in the remuneration report is complete and the information has been disclosed with the level of detail required by the Act on Public Offering.

#### *Responsibility of Supervisory Board Members*

Pursuant to the Act on Public Offering, members of the Company's Supervisory Board are responsible for preparing the remuneration report in accordance with applicable laws, and in particular for the completeness of the report and the information contained therein.

The Supervisory Board's responsibility also includes designing, implementing and maintaining a system of internal control to ensure the preparation of a complete remuneration report that is free from material misstatement due to fraud or error.

#### *Auditor's responsibility*

Our task was to assess the information provided in the attached remuneration report against the criterion set out in the section *Identification of evaluation criteria* and expressing, on the basis of the evidence obtained, an independent conclusion on the attestation service provided which provides reasonable assurance.

*Compliance with NSAE 3000 (revised)*

We have performed the service in accordance with the regulations of the National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) as amended by the International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, adopted by Resolution No. 3436/52e/2019 of the National Council of Certified Public Accountants dated April 8, 2019, as amended ("NSAE 3000 (Z)").

This standard requires the auditor to plan and perform procedures to obtain reasonable assurance that the compensation report has been prepared completely and in accordance with specified criteria.

Reasonable assurance is a high level of certainty, but does not guarantee that the audit conducted in line with NSAE 3000 (Z) always identifies any existing material misstatements.

The procedures selected depend on the auditor's judgment, including his assessment of the risks of material misstatement due to fraud or error. In making those risk assessments, the auditor shall consider internal control relevant to the preparation of a complete report in order to design appropriate procedures to provide the auditor with sufficient and appropriate evidence. The evaluation of the functioning of the internal control system has not been carried out in order to express a conclusion on the effectiveness of its operation.

*Quality control requirements*

ReVISION RZESZÓW - Józef Król Spółka z ograniczoną odpowiedzialnością applies the National Quality Control Standards in the wording of International Quality Control Standard 1 *Quality Control of Firms Performing Audits and Reviews of Financial Statements and Performing Other Assurance and Related Services* adopted by Resolution No. 2040/37a/2018 of the National Council of Statutory Auditors of 3 March 2018, as amended (hereinafter referred to as the NQCS).

As required by the NQCS, the audit firm maintains a comprehensive quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Independence and other ethical requirements*

In carrying out the service, the auditor and the audit firm complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants, adopted by Resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics for statutory auditors (hereinafter the IESBA Code). The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also complied with the other independence and ethical requirements that apply to this assurance service in Poland.

*Summary of work performed and limitations of our procedures*

The procedures we planned and carried out included, in particular:

- reviewing the content of the remuneration report and comparing the information contained therein with the applicable criteria;
- familiarizing ourselves with the resolutions of the General Meeting of the Company concerning the policy of remunerating the members of the Management Board and the Supervisory Board as well as with the resolutions of the Supervisory Board specifying them;
- ascertaining, by comparison with corporate documents, the list of persons for whom there is a requirement to include information in the remuneration report and determining, by enquiries with those responsible for preparing the report and, where we considered it appropriate, also directly with the persons affected by the requirement to include information, whether all the information provided for by the criteria for preparing the remuneration report has been disclosed.

Our procedures were solely to obtain evidence that the information provided by the Board in the remuneration report for completeness complies with the applicable requirements. The purpose of our work was not to assess the sufficiency of the information provided in the remuneration report in terms of the purpose of preparing the remuneration report or to assess the correctness and reliability of the information contained therein, in particular as regards the amounts disclosed, including estimates made for previous years, numbers, dates, distribution, allocation methods and compliance with the remuneration policy adopted by the Management Board.

The remuneration report was not audited in accordance with National Auditing Standards. In the course of the attestation procedures performed, we did not audit or review the information used to prepare the remuneration report and, therefore, accept no responsibility for issuing or updating any reports or opinions about the company's historical financial information.

We consider that the evidence we have obtained provides a sufficient and appropriate basis for our conclusion below.

*Conclusion*

The basis for the formulation of the auditor's conclusion is the matters described above, and the conclusion should be read with these matters in mind.

In our opinion, the enclosed remuneration report, in all material respects, contains all the elements listed in Article 90g sections 1 - 5 and 8 of the Act on Public Offering.

*Limitation of use*

This report was prepared by ReVISION RZESZÓW - Józef Król Spółka z ograniczoną odpowiedzialnością for the General Meeting and the Supervisory Board and is intended solely for

the purpose described in the *Criteria Identification and Service Description* section and should not be used for any other purpose.

ReVISION RZESZÓW - Józef Król Spółka z ograniczoną odpowiedzialnością does not accept, in connection with this report, any liability arising from contractual or non-contractual relationships (including negligence) with respect to third parties in the context of this report. The foregoing shall not relieve us of liability in situations where such relief is precluded by law.



Signed by /  
Podpisano przez:

Agnieszka Lew

Date / Data:  
2021-03-26  
12:20

**Agnieszka Lew, reg. No. 11556**

Conducting a service on behalf of **ReVISION RZESZÓW - Józef Król Spółka z ograniczoną odpowiedzialnością** registered in the list of auditing companies under number 3510

**Rzeszów, 26 March 2021**