

Appendix to Resolution 14/2021
of the Ordinary General Meeting of Izostal S.A.
of 29 April 2021



REMUNERATION REPORT FOR FISCAL YEAR 2020

KOLONOWSKIE, 25-03-2021

CONTENTS

I.	INTRODUCTION	2
II.	DEFINITIONS.....	2
III.	BENEFITS OF BOARD MEMBERS	3
1.	Amount of benefits collected or due in the last financial year [PLN thousand]	3
2.	Amount of benefits collected or due in 2019 [PLN thousand]	3
3.	Explanation of how the total remuneration of the Board Members is in line with the Remuneration Policy, including how it contributes to the long-term performance of the Company	4
4.	Information on how the performance criteria were applied.....	4
5.	Information on the change, on an annual basis, of remuneration, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board, during at least the last five financial years	5
6.	Number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to those instruments, including the price and exercise date and changes thereto	5
7.	Information on the use of the option to claim back variable components of remuneration	5
8.	Information on derogations from the procedure of implementing the Remuneration Policy and on temporary resignation from the application of the Remuneration Policy	5
IV.	BENEFITS OF SUPERVISORY BOARD MEMBERS	6
1.	Amount of benefits collected or due in the last financial year [PLN thousand]	6
2.	Amount of benefits collected or due in 2019 [PLN thousand]	6
3.	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.....	7
4.	Information on how the performance criteria were applied.....	7
5.	Information on the change, on an annual basis, of remuneration, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board, during the last five financial years.....	7
6.	Number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to those instruments, including the price and exercise date and changes thereto	8
7.	Information on the use of the option to claim back variable components of remuneration	8
8.	Information on derogations from the procedure of implementing the Remuneration Policy and on temporary resignation from the application of the Remuneration Policy	8

I. INTRODUCTION

1. This Remuneration Report provides a comprehensive overview of the remuneration, including all benefits, in whatever form, received by, or payable to, individual Management and Supervisory Board Members during the 2020 and 2019 financial years, in accordance with the Remuneration Policy.
2. Members of the Supervisory Board are liable for the information contained in this Remuneration Report.
3. The General Meeting shall adopt a resolution giving its opinion on the Remuneration Report. The resolution of the General Meeting is advisory in nature.
4. This Remuneration Report is subject to expert auditor's assessment as regards the inclusion of the information required under the Act.
5. The Company shall post the Remuneration Report on its website and make it available free of charge for at least 10 years after the end of the General Meeting referred to in Part I item 3. Remuneration Reports.

II. DEFINITIONS

In the Remuneration Report, the following terms shall have the meaning given below:

Total Remuneration - the sum of fixed remuneration components, variable remuneration components and the value of non-monetary remuneration components;

Member of the Supervisory Board - member of the Company's Supervisory Board;

Member of the Management Board (Board Member) - a member of the Company's Management Board;

Close relative to Member of the Supervisory Board - spouse of a Member of the Supervisory Board, ascendant of a Member of the Supervisory Board, descendant of a Member of the Supervisory Board, sibling of a Member of the Supervisory Board, relative of a Member of the Supervisory Board in the same line or in the same degree, person related by adoption to a Member of the Supervisory Board and his/her spouse, person cohabiting with a Member of the Supervisory Board;

Close relative to Member of the Management Board - spouse of a Board Member, ascendant of a Board Member, descendant of a Board Member, sibling of a Board Member, relative of a Board Member in the same line or in the same degree, person in an adoption relationship with a Board Member, and this person's spouse, person in cohabitation with a Board Member;

Group Affiliates - entities belonging to the same corporate group within the meaning of the Accounting Act;

Remuneration Policy - the remuneration policy of the Company adopted by resolution 14/2020 by the Annual General Meeting of the Company on 24 June 2020;

Company - Izostal Spółka Akcyjna with its registered office in Kolonowskie, ul. Opolska 29, 47-113 Kolonowskie, entered into the Register of Entrepreneurs of the National Court Register kept by the District Court in Opole, 8th Commercial Department of the National Court Register, under KRS number: 0000008917;

Remuneration Report - this report on remuneration;

Act - the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies;

Accounting Act - the Accounting Act of September 29, 1994;

General Meeting - Ordinary General Meeting or Extraordinary General Meeting of the Company.

III. BENEFITS OF BOARD MEMBERS

1. Amount of benefits collected or due in the last financial year [PLN thousand]

Name and surname of Board Member	Amount of fixed remuneration	Amount of quarterly discretionary bonus	Amount of additional award	TOTAL	Amount of non-cash benefits	Amount of remuneration from entities belonging to the same corporate group	Amount of pecuniary and non-pecuniary benefits granted for the benefit of persons closest to a Board Member	Proportion between the amount of fixed remuneration and the amount of monthly discretionary bonus	Proportion between the amount of fixed remuneration and the amount of the additional reward
Marek Mazurek	445	440	70	955	41	32	0	98,88%	15,73%
Michał Pietrek	381	377	60	818	37	0	0	98,95%	15,75%

2. Amount of benefits collected or due in 2019 [PLN thousand]

Name and surname of Board Member	Amount of fixed remuneration	Amount of quarterly discretionary bonus	Amount of additional award	TOTAL	Amount of non-cash benefits	Amount of remuneration from entities belonging to the same corporate group	Amount of pecuniary and non-pecuniary benefits granted for the benefit of persons closest to a Board Member	Proportion between the amount of fixed remuneration and the amount of monthly discretionary bonus	Proportion between the amount of fixed remuneration and the amount of the additional reward
Marek Mazurek	424	417	70	911	12	31	0	98,35%	16,51%
Michał Pietrek	361	357	60	778	12	0	0	98,89%	16,62%

3. Explanation of how the total remuneration of the Board Members is in line with the Remuneration Policy, including how it contributes to the long-term performance of the Company

- a) The fixed remuneration components for the Management Board Members were awarded in the amount determined by resolution of the Supervisory Board and are simultaneously specified in the employment contract concluded between the Company and the Board Member;
- b) The Supervisory Board, or a Chairman of the Supervisory Board authorised by the Supervisory Board, decided about allocation and the amount of variable remuneration components for the Board Members, taking into account both financial and non-financial criteria of awarding variable remuneration components;
- c) Non-monetary components of remuneration were granted to the Board Members in accordance with the rules set forth in the Remuneration Policy;
- d) Total Board Members' remuneration contributes to the achievement of the Company's long-term objectives by:
 - application of a criterion of promoting the undertaking of activities aimed at the implementation of the Company's plans and increasing its value and net profit;
 - application of a criterion of introduction in the Company of transparent and fair rules for remuneration and awarding bonuses as well as employment and promotion, which contributes to the possibility of maintenance of experienced and competent staff, including the management staff;
 - application of a criterion of improvement of production processes, which contributes to the efficiency of the Company's business activities and, at the same time, to more effective implementation of the Company's plans;
 - application of a criterion promoting the undertaking of business activities and introducing improvements to production processes, taking into account their impact on the surrounding environment, which contributes to the consolidation of the Company's image as a company with a view to environmental protection.

4. Information on how the performance criteria were applied

- a) Criteria for awarding the variable remuneration component in the form of a quarterly discretionary bonus related to result:
 - implementation of tasks of a financial nature determined by the Supervisory Board;
 - amount of net profit achieved by the Company calculated cumulatively from the beginning to the end of the financial year;
 - granting a variable remuneration component is justified by the Company's results.
- b) Criteria for awarding the variable remuneration component in the form of a quarterly discretionary bonus related to result:
 - implementation of tasks of a financial nature determined by the Supervisory Board;
 - increase in the Company's market value;
 - achievement by the Company of favourable results as compared to overall industry figures;
 - granting a variable remuneration component is justified by the Company's results.

The aforementioned criteria were taken into consideration by the Supervisory Board when awarding and determining the amount of variable remuneration components in the form of a quarterly discretionary bonus and additional award, through an analysis/discussion on the implementation of these criteria. This discussion/analysis preceded the adoption of the appropriate resolution.

5. Information on the change, on an annual basis, of remuneration, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board, during at least the last five financial years

Financial year	Name and surname of Board Member	Total remuneration of Board Member [thou. PLN]	Information on the Company's results - sales revenue / net profit [thou. PLN]	Average remuneration of the Company's employees who are not members of the Management Board or Supervisory Board [thou. PLN]
2020	Marek Mazurek	996	759 796/13 063	7
	Michał Pietrek	855		
2019	Marek Mazurek	923	717 129/11 900	6
	Michał Pietrek	790		
2018	Marek Mazurek	862	808 128/14 473	7
	Michał Pietrek	741		
2017	Marek Mazurek	808	563 996/9 136	6
	Michał Pietrek	693		
2016	Marek Mazurek	695	379 878/7 093	5
	Michał Pietrek	589		
2015	Marek Mazurek	489	210 061/2 456	4
	Michał Pietrek	446		

6. Number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to those instruments, including the price and exercise date and changes thereto

In accordance with the Remuneration Policy, no financial instruments are granted or offered to members of the Management Board and therefore no financial instruments were granted in the last financial year.

7. Information on the use of the option to claim back variable components of remuneration

The Remuneration Policy does not provide for the possibility of claiming back variable remuneration components.

8. Information on derogations from the procedure of implementing the Remuneration Policy and on temporary resignation from the application of the Remuneration Policy

In financial year 2020, there were no deviations from the implementation procedure of the Remuneration Policy and from the application of the Remuneration Policy. The Supervisory Board did not decide on temporarily derogating from the Remuneration Policy.

IV. BENEFITS OF SUPERVISORY BOARD MEMBERS

1. Amount of benefits collected or due in the last financial year [PLN thousand]

First and last name of Supervisory Board Member	Amount of fixed remuneration	Amount of monthly discretionary bonus	Amount of additional award	TOTAL	Amount of non-cash benefits	Amount of remuneration from entities belonging to the same corporate group	Amount of pecuniary and non-pecuniary benefits granted for the benefit of persons closest to a Supervisory Board Member
Andrzej Baranek	64	0	0	64	0	0	0
Jerzy Bernhard	64	0	0	64	0	32	0
Grażyna Kowalewska	64	0	0	64	0	0	0
Jan Kruczak	64	0	0	64	0	0	0
Lech Majchrzak	64	0	0	64	0	0	0
Adam Matkowski	64	0	0	64	0	0	0

2. Amount of benefits collected or due in 2019 [PLN thousand]

First and last name of Supervisory Board Member	Amount of fixed remuneration	Amount of monthly discretionary bonus	Amount of additional award	TOTAL	Amount of non-cash benefits	Amount of remuneration from entities belonging to the same corporate group	Amount of pecuniary and non-pecuniary benefits granted for the benefit of persons closest to a Supervisory Board Member
Andrzej Baranek	61	0	0	61	0	0	0
Jerzy Bernhard	61	0	0	61	0	31	0
Grażyna Kowalewska	61	0	0	61	0	0	0
Jan Kruczak	61	0	0	61	0	0	0
Lech Majchrzak	61	0	0	61	0	0	0
Adam Matkowski	61	0	0	61	0	0	0

3. 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

The fixed remuneration components for the Supervisory Board members were granted in the amount determined by a resolution of the General Meeting.

The total remuneration of the Supervisory Board members contributes to the Company's long-term performance by introducing transparent and fair rules for remuneration and bonuses as well as employment and promotion in the Company.

4. Information on how the performance criteria were applied

Members of the Supervisory Board are not granted variable remuneration components. Members of the Supervisory Board are not granted bonuses or awards.

5. Information on the change, on an annual basis, of remuneration, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board, during the last five financial years

Financial year	First and last name of Supervisory Board Member	Total remuneration of Supervisory Board Member [thou. PLN]	Information on the Company's results - sales revenue / net profit [thou. PLN]	Average remuneration of the Company's employees who are not members of the Management Board or Supervisory Board [thou. PLN]
2020	Andrzej Baranek	64	759 796/13 063	7
	Jerzy Bernhard	64		
	Grażyna Kowalewska	64		
	Jan Kruczak	64		
	Lech Majchrzak	64		
	Adam Matkowski	64		
2019	Andrzej Baranek	61	717 129/11 900	6
	Jerzy Bernhard	61		
	Grażyna Kowalewska	61		
	Jan Kruczak	61		
	Lech Majchrzak	61		
	Adam Matkowski	61		
2018	Andrzej Baranek	58	808 128/14 473	7
	Jerzy Bernhard	58		
	Jan Chebda	51		
	Grażyna Kowalewska	7		
	Jan Kruczak	58		
	Lech Majchrzak	58		
	Adam Matkowski	58		
2017	Andrzej Baranek	54	563 996/9 136	6
	Jerzy Bernhard	52		
	Jan Chebda	54		
	Jan Kruczak	54		
	Lech Majchrzak	54		
	Adam Matkowski	54		
2016	Andrzej Baranek	52	379 878/7 093	5
	Jerzy Bernhard	51		
	Jan Chebda	52		
	Jan Kruczak	52		
	Lech Majchrzak	52		
	Adam Matkowski	52		

2015	Andrzej Baranek	51	210 061/2 456	4
	Jerzy Bernhard	50		
	Jan Chebda	51		
	Jan Kruczak	51		
	Lech Majchrzak	51		
	Adam Matkowski	51		

6. Number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to those instruments, including the price and exercise date and changes thereto

In accordance with the Remuneration Policy, no financial instruments are granted or offered to members of the Supervisory Board and therefore no financial instruments were granted in the last financial year.

7. Information on the use of the option to claim back variable components of remuneration

The situation did not occur

8. Information on derogations from the procedure of implementing the Remuneration Policy and on temporary resignation from the application of the Remuneration Policy

In financial year 2020, there were no deviations from the implementation procedure of the Remuneration Policy and from the application of the Remuneration Policy. The Supervisory Board did not decide on temporarily derogating from the Remuneration Policy.

Supervisory Board of Izostal S.A.

.....
Andrzej Baranek

.....
Jan Kruczak

.....
Grażyna Kowalewska

.....
Lech Majchrzak

.....
Adam Matkowski