

**CONSOLIDATED REPORT ON PAYMENTS
MADE TO PUBLIC ADMINISTRATION
BY THE STALPRODUKT S.A. CAPITAL GROUP
FOR THE FINANCIAL YEAR 2020**

CONSOLIDATED REPORT ON PAYMENTS MADE TO PUBLIC ADMINISTRATION

1. Basis for preparation and scope of the Report on payments made to public administration

Legal requirements

The consolidated Report on payments made to public administration (the "Report") was prepared in accordance with the requirements of the amended Act of 29 September 1994 on accounting (i.e. the Polish Journal of Laws of 2018, item 395) as a result of the implementation in the Polish law of the Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated accounts and related reports of certain types of entities.

Reporting unit

According to the provisions of the above Act and Regulation, this consolidated report on payments made to public administration was prepared by the parent company in the Capital Group, i.e. Stalprodukt S.A. and includes payments to public administration made by a subsidiary (ZGH "Bolesław" S.A.) and its subsidiaries. The Report does not include payments to public administration made by joint ventures valued in the consolidated financial statements of ZGH "Bolesław" S.A. using the equity method.

Activities covered by the reporting obligation

Payments made by the entities of the Stalprodukt S.A. Capital Group to public administration, as shown in this Report, relate to mining operations involving the exploration, search, discovery, exploitation and extraction of metals, rocks and sand. If a given payment relates both to activities covered by the reporting obligation and to other activities (e.g. steel activities), the amount disclosed in the Report is not divided, but disclosed in full.

Public administration

Public administration means government or self-government administration bodies and entities supervised or controlled by these bodies, and in the case of other countries of the European Economic Area or countries outside the European Economic Area – state administration, regional or local authorities and entities supervised or controlled by these bodies.

Project

A Project is understood as operating activity carried out on the basis of a contract, in particular a lease, a rental, a license or a concession, constituting the basis for payment obligations to public administrations of individual countries. If several such agreements are significantly related to each other, the operational activities carried out on their basis are considered as one project.

Types of payments

Amounts paid to public administration in cash or in kind (transformed into monetary value using the most appropriate valuation methods based on historical cost or market value) from activities covered by the reporting obligation have been assigned to the following titles.

a) Taxes

The Report shows taxes collected on the income, production or profits of the companies of the ZGH BOLESŁAW S.A. Capital Group (mainly tax on extraction of certain minerals), excluding consumption tax, such as value added tax, personal income tax or sales tax.

b) Dividends

Dividends subject to disclosure in the Report are payments other than dividends paid to public administration authorities for holding ordinary shares of ZGH BOLESŁAW S.A., unless they are dividends paid in place of receivables from production or royalties. In 2020, there were no payments for public administration in this respect.

- c) Concession fees and bonuses for discovery and production
This category of payments to the public administration includes remuneration for the establishment of mining usufruct and mining fees for the extracted mineral.
- d) Other fees and benefits for granting the concession
The fees disclosed in this Report constitute fees for:
 - perpetual usufruct of land,
 - exclusion of agricultural land for non-agricultural purposes,
 - emissions of substances into the air,
 - discharge of mine and technological waters,
 - discharging sewage and rainwater,
 - technical supervision and machine testing.
- e) Payments for infrastructure improvements - did not occur in 2020.
- f) Receivables from production and royalties - did not occur in 2020.

Severity level

In the Report disclosed are the amounts paid to public administration if a single payment or the total of related payments made by the units of the ZGH "Bolesław" S.A. Capital Group in 2020 was at least the equivalent of PLN 424 700.

Applied exchange rates

In this Report, the average exchange rate announced by the National Bank of Poland on 31 December 2020 was used to convert the financial data of foreign entities.

2. Payments to public administration made in 2020 (thousand x PLN)

Payments made to public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Poland	41 446	5 034	4 626	0	51 106
Montenegro	416	1 932	1 454	0	3 802
Total	41 862	6 966	6 080	0	54 908

Poland

Zakłady Górniczo-Hutnicze "Bolesław" S.A.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	28 577	3 321	1 600	0	33 498
Central	0	3 321	1 080	0	4 401
Ministry of Environment		2 313			2 313
The National Fund for Environmental Protection and Water Management		1 008			1 008
Polish Waters National Water Management Authority			1 080		1 080
local	28 577	0	520	0	29 097
Regional Directorate of the State Forests			520		520
Tax offices (the Małopolska Customs and Tax Office)	28 577				28 577
Bodies of local authority administration:	10 953	1 511	1 889	0	14 353
The Marshal's Office			751		751
County offices			1 138		1 138
Towns Office and Borough Office	10 953	1 511			12 464
Total	39 530	4 832	3 489	0	47 851

Boltech Sp. z o.o.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	1 916	81	0	0	1 997
central	0	81	0	0	81
Ministry of Environment					0
The National Fund for Environmental Protection and Water Management		112			112
local	1 916	0	0	0	1 374
Regional Directorate of the State Forests	231				231
Tax offices (the Małopolska Customs and Tax Office)	1 685				1 685
Bodies of local authority administration:	0	121	1 137	0	1 258
The Marshal's Office			31		31
County offices			183		183
Towns Office and Borough Office		121	923		1 044
Total	1 916	202	1 137	0	3 255

Montenegro

Gradir Montenegro D. O. O.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	294	1 932	140	0	2 366
central	0	1 932	140	0	2 072
Ministry of Environment		1 932	6		1 937
The National Fund for Environmental Protection and Water Management			134		134
local	294	0	0	0	294
Regional Directorate of the State Forests					0
Tax offices (the Małopolska Customs and Tax Office)	294				294
Bodies of local authority administration:	122	0	1 314	0	1 436

The Marshal's Office					0
County offices					0
Towns Office and Borough Office	122		1 314		1 436
Total	416	1 932	1 454	0	3 802

3. Payments to public administration made in 2019 (thousand x PLN)

Payments made to public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Poland	41 784	5 067	7 670	0	82 521
Montenegro	711	1 993	0	0	2 704
Total	70 495	7 060	7 670	0	85 225

Poland

Zakłady Górniczo-Hutnicze "Bolesław" S.A.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	58 077	3 320	4 814	0	66 211
central	0	3 320	4 050	0	7 370
Ministry of Environment		2 342			2 342
The National Fund for Environmental Protection and Water Management		978			978
local			4 050		4 050
Regional Directorate of the State Forests	58 077	0	764	0	58 841
Tax offices (the Małopolska Customs and Tax Office)			764		764
Customs offices	56 745				56 745
Forest divisions	1 332				1 332
Bodies of local authority administration:					0
The Marshal's Office	10 333	1 467	1 827	0	13 627
Polish Waters National Water Management Authority			697		697
County offices			1 130		1 130
Towns and borough	10 333	1 467			11 800
Total	68 410	4 787	6 641	0	79 838

Boltech Sp. z o.o.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	1 374	112	0	0	1 486
central	0	112	0	0	112
Ministry of Environment					0
The National Fund for Environmental Protection and Water Management		112			112
local	1 374	0	0	0	1 374
Regional Directorate of the State Forests	229				229
Tax offices (the Małopolska Customs and Tax Office)	1 145				1 145
Customs offices					0
Forest divisions					0
Bodies of local authority administration:	0	168	1 029	0	1 197
The Marshal's Office			55		55
County offices			71		71
Towns and borough		168	903		1 071
Total	1 374	280	1 029	0	2 683

Montenegro

Gradir Montenegro D. O. O.

Payments as broken down by levels of public administration	Taxes	Concession fees and bonuses for discovery and production	Other fees and benefits for granting the concession	Payments for infrastructure improvements	Total payments to public administration
Government administration bodies:	588	1 993	0	0	2 581
central	0	1 993	0	0	1 993
Ministry of Environment		1 993			1 993
The National Fund for Environmental Protection and Water Management					0
local	588	0	0	0	588
Regional Directorate of the State Forests					0
Tax offices	485				485
Customs offices	102				102
Forest divisions					0

Bodies of local authority administration:	123	0	0	0	123
The Marshal's Office					0
County offices					0
Towns and borough	123				123
Total	711	1 993	0	0	2 704

Bochnia, April 30, 2021

Signatures of members of the Management Board of the Parent Company

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Łukasz Mentel
Member of the Board
Chief Financial Officer

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Piotr Janeczek
Chief Executive Officer
General Director