

This Declaration on the application of corporate governance by Stalprodukt S.A. in 2023 has been prepared on the basis of Article 49 (2a) of the Act of 29 September 1994 on Accounting (consolidated text Journal of Laws of 2019, item 351) and § 70 (6)(5) of the Regulation of the Minister of Finance of 29 March 2018 regarding current and periodic information provided by issuers of securities and conditions for recognising information required by the law of a non-member state as equivalent (i.e. Journal of Laws of 2018, item 757).

a) indication

- **of a set of corporate governance principles to which the issuer adheres and the place where the text of the set of principles is publicly available**

The company is subject to the corporate governance principles contained in the document "Good Practices of Companies Listed on WSE 2021". The content of this document is available on the Company's website (www.stalprodukt.com.pl), in the section "Investor relations" and the tab under the name "Corporate governance".

- **of a set of corporate governance principles that an issuer could choose to use voluntarily, and a place where the text of the collection is publicly available**

The company has not decided to adopt other corporate governance principles to apply than those presented above.

- **of all information about the corporate governance practices applied by the issuer, going beyond the requirements provided for by domestic law together with information on the practices in the area of corporate governance applied by it**

The company does not implement corporate governance practices that go beyond the requirements provided for by domestic law.

b) to the extent that the issuer has waived the provisions of the set of corporate governance principles referred to in letter and the first and second indents, an indication of these provisions and an explanation of the reasons for this waiver

The company did not declare the following principles and recommendations:

1.3.1. environmental issues, including measures and risks related to climate change and sustainable development issues

The Company and the Capital Group do not currently have a formally adopted development strategy. In October 2016, a development strategy for the Zinc Segment was adopted, the assumptions of which were fully implemented. In 2017, 100% of the shares of the Czech company GO Steel Frydek-Mistek a.s. were purchased, which was the implementation of Stalprodukt's strategy to strengthen its position on the transformer sheet market.

Due to the unfavourable market environment of the steel industry and high uncertainty as to the future situation, it was difficult to formulate measurable goals of the strategy. Due to the above, the Company decided to start a review of strategic options in October 2020. The result of this review will define the main assumptions of the strategy for the coming years. However, it was announced in 2023 (i.e. in Current Report No. 3 of February 17, 2023). The Company will take into account the new circumstances resulting from the publication of new directions of strategic activities in the Statement on the application of corporate governance principles in the Company for 2023.

1.3.2. social and employee matters, concerning, inter alia, actions taken and planned to ensure gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with clients.

In its activities, the company takes into account the social and labour conditions aimed at gender equality and ensuring proper working conditions. Although there is no explicitly formalized strategy in this regard, the Code of Ethics adopted and binding throughout the Group applies to all of the above-mentioned issues.

1.4. In order to ensure proper communication with stakeholders, within the scope of the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable goals, in particular long-term goals, planned activities and progress in its implementation, determined by means of financial and non-financial measures. Information on the strategy in the ESG area should, among others:

The rule is not applied. Comment in point 1.4.1. and 1.4.2.

1.4.1. explain how climate change issues are taken into account in the decision-making processes in the company and its group entities, pointing to the resulting risks.

The Company and the Capital Group do not currently have a formally adopted development strategy (rule 1.3). In October 2016, a development strategy for the Zinc Segment was adopted, the assumptions of which were fully implemented. In 2017, 100% of the shares of the Czech company GO Steel Frydek-Mistek a.s. were purchased, which was the implementation of Stalprodukt's strategy to strengthen its position on the transformer sheet market.

Due to the unfavourable market environment of the steel industry and high uncertainty as to the future situation, it was difficult to formulate measurable goals of the strategy. Due to the above, the Company decided to start a review of strategic options in October 2020. The result of this review will define the main assumptions of the strategy for the coming years. However, it was announced in 2023 (i.e. in Current Report No. 3 of February 17, 2023). The Company will take into account the new circumstances resulting from the publication of new directions of strategic activities in the Statement on the application of corporate governance principles in the Company for 2023.

1.4.2. present the value of the ratio of equal remuneration paid to its employees, calculated as a percentage difference between the average monthly remuneration (taking into account bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate possible inequalities in this respect, along with the presentation of related risks and the time horizon in which it is planned to achieve equality.

The rule is not applied. Due to the specificity of the Company's activities, presenting such data is inappropriate, as such an indicator would be unreliable. It should be noted that the share of women in the total employment is approximately 9%. In addition, almost exclusively men are employed in blue-collar positions (2,021 people in 2023), which results in lack of comparability of data regarding the positions held. Among the management staff, men constitute the vast majority, which in turn increases the average remuneration in the group of men.

2.1. A company should have a diversity policy towards the management board and supervisory board, adopted respectively by the supervisory board or the general meeting. The diversity policy defines the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age and professional experience, as well as indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the condition for ensuring the diversity of company bodies is the participation of a minority in a given body at a level not lower than 30%.

The Management Board adopted the Diversity Policy for application with respect to the company's governing bodies and its key managers, however, it was not adopted by the Supervisory Board in relation to the Management Board, and in relation to the Supervisory Board, it was not adopted by the general meeting. Persons authorized to elect members of the Company's bodies take into account the diversity of the composition of individual bodies, including gender diversity, but the basic criteria are the candidates' abilities, experience and competences. However, this policy does not provide for the obligatory differentiation of the company's bodies (i.e. the Management Board and Supervisory Board) in terms of gender at the level of at least 30%. In the opinion of the Management Board, it is practically impossible to achieve such differentiation in the case of the Management Board. While this differentiation in the case of the Supervisory Board for its current term of office is even 40%, in the case of a 2-person Management Board, adopting such a postulate would mean that one of the members of the Management Board would have to be replaced by a female person or the composition of the Management Board would have to be deliberately enlarged by additional member (a female). Taking into account the fact that the composition of the management board reflects the current organizational structure (the shape of which seems optimal and has been developed as a result of many years of experience and observation) and the division of competences of individual members of the management board (who also perform specific functions in it - i.e. the general director and financial director), changes in this respect are pointless and in practice difficult to implement. Moreover, expanding the composition of the management board would also mean increasing the remuneration costs of this body of the Company, which is also not justified.

2.2. The decision-makers on the appointment of members of the management board or supervisory board of a company should ensure the versatility of these bodies by selecting persons who ensure diversity in their composition, enabling, inter alia, achievement of the target minimum minority participation rate set at not lower than 30%, in line with the objectives set out in the adopted diversity policy referred to in rule 2.1.

As in the case of the explanation included in rule 2.1, also in the case of appointment of the Supervisory Board, the competences and professional experience of the candidate should be decisive. Moreover, when selecting members of the Supervisory Board, additional criteria should be taken into account that should be met by the members of the Audit Committee (i.e. independence from the Company, knowledge of the industry in which the Company operates, knowledge and skills in the field of accounting and auditing of financial statements). The above-mentioned criteria should - in the opinion of the Company - be decisive when filling these positions. Additionally, adopting a different position and specific indicators of minority participation in the composition of both bodies of the company, the Management Board would significantly limit the competences of shareholders in this respect (in the event of the election of the Supervisory Board) and of the Supervisory Board (in the event of the election of members of the Management Board).

2.11.6. information on the degree of implementation of the diversity policy in relation to the management board and the supervisory board, including the achievement of the objectives referred to in rule 2.1.

The company did not declare the implementation of the Diversity Policy in the scope referred to in rules 2.1 and 2.2.

3.1. A listed company maintains effective systems of: internal control, risk management and supervision of compliance with the law, as well as an effective internal audit function, appropriate to the size of the company and the type and scale of activities, for which the management board is responsible.

The company has internal control, compliance with the law and risk management systems, although not all of them (e.g. the "compliance" function) are implemented within one organizational unit. However, there is no person responsible for internal audit. In the future, the Company plans to appoint an appropriate person to perform this function.

In addition, the Company introduced a number of procedures and policies in 2018 (e.g. the Anti-corruption Policy and Whistleblower Protection, the Code of Ethics and the Procedure for whistleblowing by Corporate Whistleblowers) that support the functioning of the existing internal control and compliance systems.

3.3. A company belonging to the WIG20, mWIG40 or sWIG80 index appoints an internal auditor in charge of the internal audit function, acting in accordance with generally recognized international standards of the professional practice of internal audit. In other companies where no internal auditor was appointed to meet the above-mentioned requirements, the audit committee (or the supervisory board, if it acts as an audit committee) assesses annually whether there is a need to appoint such a person.

In accordance with the commentary to rule 3.1., the Company plans to implement an internal audit function and appoint a person with appropriate qualifications for this position.

3.4. Remuneration of persons responsible for risk management and compliance and the head of internal audit should depend on the performance of assigned tasks, and not on the short-term performance of the company.

There is no person responsible for internal audit (rule 3.1), while the remuneration of the person responsible for risk management does not depend on the performance of assigned tasks.

3.5. The persons responsible for risk management and compliance report directly to the president or another member of the management board.

The above-mentioned functions are dispersed and performed by several organizational units of the Company.

3.6. The head of internal audit reports organisationally to the president of the management board, and functionally to the chairman of the audit committee or the chairman of the supervisory board, if the board performs the function of the audit committee.

In line with the commentary to rule 3.1, the Company plans to introduce an internal audit function.

3.7. Rules 3.4 - 3.6 are also applicable to entities from the company's group that are significant for its operations, if they have designated persons to perform these tasks.

In the key entities of the Group, there are no persons assigned to perform the tasks referred to in rules 3.4-3.6.

3.8. At least once a year, the person responsible for internal audit, and in the absence of such a separate function in the company, the company's management board presents the supervisory board with an assessment of the effectiveness of the systems and functions referred to in rule 3.1, together with a relevant report.

There is no person responsible for the internal audit in the Company, therefore the Management Board presents the Supervisory Board with an assessment of the effectiveness of the systems functioning in the Company.

3.10. At least once every five years in a company belonging to the WIG20, mWIG40 or sWIG80 index, an independent auditor selected with the participation of the audit committee reviews the internal audit function.

The Company will consider applying this rule if the internal audit function is fully implemented in its structure.

4.1. The company should enable its shareholders to participate in the general meeting by means of electronic communication (e-general meeting), if it is justified in view of the shareholders' expectations reported to the company, and if it is able to provide the technical infrastructure necessary to conduct such a general meeting.

The Company's shareholders have not submitted such a request so far. Moreover, due to the relatively low interest of shareholders in participating in the general meeting, ensuring participation in it by means of electronic communication is pointless due to the disproportionately high costs of organizing the meeting in this form.

4.3. The company provides publicly available real-time broadcast of the general meeting.

Following the rationale described in rule 4.1., the Company does not provide publicly available real-time broadcasts of general meetings.

4.9. If the agenda of the general meeting is to appoint a supervisory board member or to appoint a new supervisory board for a new term of office:

4.9.1. Candidates for members of the supervisory board should be put forward in time for the shareholders present at the general meeting to take decisions with due consideration, but not later than 3 days before the general meeting; the candidature, along with a complete set of materials relating to them, should be immediately published on the company's website;

The Company provides shareholders with proposing candidates to the Supervisory Board in time allowing them to become acquainted with their professional experience and competences, however the internal regulations of the Company do not provide for a deadline for submitting candidates, and, in the opinion of the Management Board, their introduction could violate the rights of shareholders submitting a candidacy, e.g. during the sessions of the general meeting.

5.6. If the conclusion of a transaction with a related entity requires the consent of the general meeting, the supervisory board prepares an opinion on the validity of the conclusion of such transaction. In such a case, the board assesses the need for prior consultation with an external entity, as referred to in rule 5.5.

The rule is not applied because, in accordance with the adopted regulations for concluding transactions with related entities, the appropriate consent is given by the Supervisory Board.

5.7. If the decision on the conclusion by the company of a significant transaction with a related party is made by the general meeting, before making such a decision, the company provides all shareholders with access to information necessary to assess the impact of this transaction on the company's interest, including the opinion of the supervisory board about which speech in rule 5.6.

The rule is NOT applied, because in accordance with the adopted regulations for concluding transactions with related entities, the appropriate consent is given by the Supervisory Board.

6.3. If one of the incentive programs in the company is a management options program, then the implementation of the options program should be conditioned by meeting by those entitled, within at least 3 year-time, predetermined, realistic and appropriate for the company goals, both financial and non-financial as well as sustainable development, and the agreed purchase price of shares to be earned by those entitles or the settlement of options may not differ from the value of shares from the period when the program was adopted.

No managerial options program has been introduced in the Company.

c) description of the main features of internal control and risk management systems used in the issuer' business with regard to the process of preparation of financial statements and consolidated financial statements

The financial statements are prepared by the Head of Accounting and Tax Department based on financial data from the IFS financial and accounting system, subject to the arrangements specified in the accounting principles (policy) of Stalprodukt S.A.

From 1 January 2005, Stalprodukt S.A. prepares financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, and to the extent not regulated by the above Standards, in accordance with the requirements of the Polish Accounting Act.

Substantive supervision over the process of preparing financial statements and periodic reports of the Company is performed by the Finance Director who performs preliminary control of the financial statements and then submits them to the Management Board for final verification.

The Supervision, Corporate Affairs and Special Projects Office located in the Chief Executive Officer division, is responsible for the organisation of works related to the preparation of annual and semi-annual financial statements.

In addition, the Audit Committee operating within the Supervisory Board monitors the financial accounting process.

Annual and semi-annual financial statements are subject to independent analysis and review by expert who express their opinion on the reliability, correctness and clarity of these statements and the correctness of the accounting books that constitute the basis for their preparation. The expert auditor is selected by the Supervisory Board taking into account the recommendations of the Audit Committee.

d) indication of the shareholders holding, either directly or indirectly, substantial packages of shares, along with the indication of number of shares held by these entities, their percentage share in initial capital, number of votes resulting from them and their percentage share in the overall number of votes at the general meeting,

As at the date of this report, shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders include:

- STP Investment S.A. holding 1,529,319 shares, accounting for a 28.32 %-share in capital and 5,575,691 votes, accounting for 48.35 % of the total number of votes at the General Meeting and through F&R Finanse sp. z o.o. 43,807 shares, accounting for 0.81 %-share in capital and 43,807 votes, accounting for 0.38 % of the total number of votes at the General Meeting, i.e. the total 1,573,126 shares, accounting for a 29.13 %-share in capital and 5,619,498 votes, accounting for 48.73 % of the total number of votes at the General Meeting;
- FABIOS S.A. holding 100,010 shares, accounting for 1.85%-share in the capital and 500,050 votes, accounting for 4.34% of the total number of votes at the General Meeting and through FCASE Sp. z o. o. Sp. k. 200,010 shares, accounting for 3.70%-share in the capital and 1,000,050 votes, accounting for 8.67% of the total number of votes at the General Meeting, i.e. a total of 300,020 shares, accounting for 5.56%-share

in the capital and 1,500 100 votes, accounting for 13.01% of the total number of votes at the General Meeting;

- Stalprodukt Profil S.A. holding 579,652 shares, accounting for 10.74 %-share in capital and 1,095,488 votes, accounting for 9.50 % of the total number of votes at the General Meeting;
- ArcelorMittal Sourcing a société en commandite par actions holding 1,066,100 shares, accounting for a 19.74 %-share in capital and 1,066,100 votes, accounting for a 9.24 % of the total number of votes at the General Meeting.

e) indication of holders of any securities that would give special control rights along with description of these rights,

There are no securities giving special control rights.

f) indication of any restrictions with regard to exercising the voting right, such as restriction in exercising the voting right by holders of a certain part or number of votes, time limitations concerning exercising the voting right or provisions, according to which, in cooperation with the Company, equity rights related to securities are separated from holding securities,

There are currently no restrictions regarding the exercise of voting rights assigned to the Company's shares.

g) indication of any restrictions on the transfer of ownership of the issuer's securities,

The A, B and E series shares issued by the Company are registered preference shares. Pursuant to § 12 (2) and (3) of the Articles of Association of Stalprodukt S.A.:

The management of registered shares requires the prior written consent of the Management Board. The decision of the Management Board regarding the consent or lack of consent should be issued within 7 days from the date of submission of the application in this case by the seller or buyer (§ 12 (2)).

In the event of failure to consent to the seller referred to in the preceding paragraph, the Management Board shall indicate the buyer of the shares within 7 days of receipt of the application (§ 12 (3)).

The remaining shares of the Company - series C, D, F and G - are bearer shares, listed on the Warsaw Stock Exchange. There are no restrictions in trading these shares.

h) description of the principles concerning appointment and dismissal of executives and their rights, in particular the right to make decision on issue or repurchase of shares

The Management Board of the Company operates based on the provisions of the Commercial Companies Code and the Articles of Association. Pursuant to § paragraph 1 of the Articles of Association, the Management Board consists of two to four persons appointed for a three-year period by the Supervisory Board as follows: The President of the Management Board is appointed by the Supervisory Board from among candidates proposed by Members of the Supervisory Board, other members of the Management Board are appointed by the President

of the Management Board. The Supervisory Board dismisses members of the Management Board – with the exception of the President of the Management Board.

The President and members of the Management Board may also be appointed from outside the group of shareholders. A contract of employment with the President and members of the Management Board shall be concluded on behalf of the Company - the Chairman of the Supervisory Board or another representative of the Supervisory Board delegated from among its members.

The Management Board represents the Company outside in relation to the authorities, third parties, in court and outside the court. The President of the Management Board acting independently or two Members of the Management Board acting jointly or one Member of the Management Board acting jointly with one of the persons holding a joint proxy is authorized to make declarations of will and sign on behalf of the Company.

The Management Board is responsible for conducting current affairs of the Company. The detailed course of action of the Management Board, as well as matters requiring a resolution of the Management Board and matters that may be dealt with on behalf of the Management Board by its individual Members, are defined in the Management Board Regulations (this document is available on the Company's corporate website). These Regulations are adopted by the Management Board itself at the request of the President of the Management Board and are subsequently approved by the Supervisory Board.

According to Article 36 of the Articles of Association of Stalprodukt S.A., reducing or increasing the share capital of the Company is within the competence of the General Meeting.

According to Article 431 of the Commercial Companies Code, the increase of the share capital requires amendment of the Articles of Association and takes place by issuing new shares or increasing the nominal value of the existing shares.

In turn, according to Article 417 § 1 of the Commercial Companies Code, redemption of shares is made at the price quoted on the regulated market, according to the average exchange rate from the last three months before adopting a resolution or when shares are not listed on a regulated market at a price determined by an expert selected by the general meeting.

i) description of the principles of changes in the Articles of Association or the issuer's company deed.

The amendment of the Articles of Association is adopted by the General Meeting. Resolutions of the General Meeting regarding amendments to the statute require a 3/4 majority of votes cast. Amendments to the Articles of Association are made in accordance with the Commercial Companies Code and are in the competence of the general meeting under the Articles of Association.

j) manner of operation of the general meeting and its basic powers as well as the description of the shareholders' rights and the manner of exercising them, in particular principles resulting from the regulations of the general meeting, if such regulations have been adopted, unless the information in this respect stems directly from the law

The General Meeting of Shareholders of the Company operates based on the regulations contained in the Commercial Companies Code and the Articles of Association. The manner of operation of the general meeting and its basic powers are specified in the Regulations of the General Meeting of Shareholders of Stalprodukt S.A. approved by Resolution No.

XXVI/16/2010 of the General Meeting of Shareholders of 25 June 2010.

Pursuant to § 2 of the Regulations of the General Meeting of Shareholders:

- 1. The general meeting can be ordinary or extraordinary.*
- 2. The Ordinary General Meeting is convened by the Management Board of the Company based on the adopted resolution, the date falling not later than six months after the end of each financial year.*
- 3. The extraordinary general meeting is convened by the Management Board on its own initiative, at a request of the shareholder(s) or at representing at least one twentieth of the share capital. The request to convene an extraordinary general meeting, must be submitted by the shareholder or shareholders to the Management Board of the Company in writing or in electronic form to the Company's valid e-mail address: walne.zgromadzenie@stalprodukt.pl. In the case of submitting the request in electronic form, the Management Board of the Company is authorised to take the necessary actions to verify the credibility of the submitted application. If the Management Board of the Company is unsure about the origin of the request, the Shareholder or Shareholders are obliged to provide the Company with declarations or documents confirming the right to submit the request.*
- 4. The Supervisory Board may convene an ordinary general meeting if the Management Board of the Company fails to convene it within the time specified in the provisions of the commercial companies code or the articles of association, and an extraordinary general meeting if it considers it necessary to convene it.*
- 5. Shareholders may convene an extraordinary general meeting based on authorisation by the Registry Court, if within 2 weeks from the date of submitting the request to the Management Board, the meeting has not been convened. The court calls the Management Board to make a statement and appoints the chairman and date of the meeting.*
- 6. Shareholders representing at least half of the share capital or at least half of all votes in the company can convene an extraordinary general meeting. Shareholders appoint the chairman of such meeting.*

Pursuant to § 3 of the Regulations of the General Meeting of Shareholders:

- 1. The general meeting may adopt resolutions only in matters included in the agenda.*
- 2. The detailed agenda is set by the Management Board of the Company and specified in the notification.*
- 3. A shareholder or shareholders who represent at least one twentieth of the Company's share capital may request that specific matters are placed in the agenda of the general meeting. The request should be submitted to the management board no later than twenty one days before the set date of the meeting. The request should contain the justification or draft resolution concerning the suggested item in the agenda. The request may be submitted in electronic form.*
- 4. A shareholder or shareholders representing at least one twentieth of the share capital may, before the date of the general meeting, propose the company in writing or by electronic means, draft resolutions concerning matters placed in the agenda of the general meeting or matters which are to be put in the agenda. The Company shall promptly publish the draft resolutions on its website.*
- 5. In cases not covered by the agenda - the resolution cannot be adopted, unless the whole share capital is represented at the general meeting and none of the present persons reported objection concerning adoption of the resolution.*

6. *Each shareholder may submit draft resolutions during the general meeting concerning matters introduced to the agenda of the general meeting.*
7. *The requests for convening an extraordinary general meeting and requests of regulations nature may be adopted even if they have not been included in the agenda.*

In turn, pursuant to § 31 of the Articles of Association:

1. *The General Meeting may adopt resolutions only in matters included in the agenda.*
2. *The Management Board of the Company adopts the agenda.*
3. *A shareholder or shareholders who represent at least one twentieth of the Company's share capital may request that specific matters are placed in the agenda of the General Meeting. The request should be submitted to the Management Board no later than twenty one days before the set date of the meeting. The request should contain the justification or draft resolution concerning the suggested item in the agenda. The request may be submitted in electronic form.*
4. *A shareholder or shareholders representing at least one twentieth of the share capital may, before the date of the General Meeting, propose the company in writing or by electronic means, draft resolutions concerning matters placed in the agenda of the General Meeting or matters which are to be put in the agenda. The Company shall promptly publish the draft resolutions on its website.*
5. *Each shareholder may submit draft resolutions during the General Meeting concerning matters introduced to the agenda.*

Competences of the General Meeting include (§ 36 of the Articles of Association):

1. *Dismissal of the President of the Management Board.*
2. *Review and approval of the Company's annual financial report, Management Board's annual report on the Company's activities, and also the Capital Group's consolidated financial report.*
3. *Adoption of the "Remuneration Policy for Members of the Management Board and Supervisory Board".*
4. *Giving opinions on remuneration reports for Members of the Management Board and Supervisory Board*
5. *Deciding on how to distribute profits or how to cover losses.*
6. *Granting a vote of approval to the Company's governing bodies.*
7. *Amendments to the Company's Articles of Association.*
8. *Increase or decrease of the Company's share capital.*
9. *Change in the Company's object of operations.*
10. *Company's merger or transformation.*
11. *Company's liquidation, selection of liquidators and division of Company's property after the liquidation.*
12. *Issuance of bonds.*
13. *Decisions regarding claims for compensation of the damage suffered at the time of Company's formation and in course of managerial and supervisory activities.*
14. *Deciding on the use of supplementary capital and raising and purpose of capital reserves.*
15. *Other competences described as exclusive powers of the General Meeting of Shareholders by virtue of the Code of Commercial Companies, except for the expression of consent to the purchase and disposal of immovable property, perpetual usufruct, or share in the immovable property, which were delegated to the competency of the Supervisory Board.*

- k) **description of the issuer's management, supervisory or administrative bodies and their committees, together with an indication of the composition of these bodies and the changes that have occurred in them during the last financial year, including the letter "I"**

Management Board

The Management Board of the Company operates based on the provisions of the Commercial Companies Code, the Articles of Association and the Regulations of the Management Board approved by the Resolution of the Supervisory Board No. 12/XII/2020 of 9 October 2020. According to § 16 of the Articles of Association, the Management Board of the Company consists of two to four persons appointed for a three-year term by the Supervisory Board.

In 2023, the Management Board of Stalprodukt S.A. worked in the following composition:

- Mr Piotr Janeczek - President of the Management Board-Chief Executive Officer
- Mr Łukasz Mentel - Member of the Board - Chief Financial Officer

The detailed course of action of the Management Board, as well as matters requiring a resolution of the Management Board and matters that may be dealt with on behalf of the Management Board by its individual Members, are defined in the Management Board Regulations.

Supervisory Board

The supervisory body of the issuer is the Supervisory Board, which may be composed of 5 to 7 people (in the current term of office, the Supervisory Board consists of 5 people).

The Supervisory Board in 2023 included:

- Stanisław Kurnik - Chairman
- Sanjay Samaddar - Vice Chairman of the Supervisory Board
- Magdalena Janeczek - Secretary of the Supervisory Board
- Agata Sierpińska-Sawicz - Member of the Supervisory Board
- Romuald Talarek - Member of the Supervisory Board

The Supervisory Board meets once a quarter or more often at the invitation of the Chairman. In addition, the meeting of the Supervisory Board must be convened at the written request of three members of the Supervisory Board, submitted to the Chairman or at the request of the Management Board.

The specific duties of the Supervisory Board include (**§ 28 of the Articles of Association**):

1. *Election of the President and Members of the Management Board. Dismissal of the Members of the Management Board, except for the President of the Management Board.*
2. *Assessment of the financial report, Management Board's report on the Company's activities and Management Board's conclusions on profit distribution or covering of loss for the previous reporting year.*

3. *Reviews of periodic quarterly reports with the right of making remarks and requesting explanations from the Management Board, checking the books of accounts and Company's cash assets, at all times at their own discretion.*
4. *Preparing and submitting to the General Meeting a report (supervisory board report) for the previous financial year in accordance with Art. 382 § 3 point 3 and § 31 of the Commercial Companies Code.*
5. *Suspending the President and/or Members of the Management Board from duties for important reasons.*
6. *Delegating its Members to temporary performance of the activities of the Management Board Members who cannot perform their activities.*
7. *Approving of the Management Board Rules and Company's enterprise organizational rules.*
8. *Expressing consent to the acquisition by the Company of stocks or shares in another company and to transfer the same.*
9. *Expressing consent to the Company's making in-kind contribution to another company.*
10. *Expressing the consent to the conclusion by the Company of a long-term agreement obligating the Company to a payment exceeding the value of 10% of the equity.*
11. *Expressing the consent to the disposal of the Company's fixed assets, whose value exceeds 1% of the equity and donation exceeding the amount of PLN 50,000.*
12. *Adopting by resolution Company's business plans upon the Management Board's motion.*
13. *Selection of the certified auditor to carry out the audit of the Company's financial report.*
14. *Adopting "The rules of benefits and remuneration of the Management Board", in accordance with the "Remuneration Policy for Members of the Management Board and Supervisory Board" approved by the General Meeting, containing detailed remuneration principles and criteria.*
15. *Submitting to the General Meeting an annual report on the remuneration of members of the Management Board and the Supervisory Board starting from the year after the adoption of the "Remuneration policy for members of the Management Board and the Supervisory Board.*
16. *Appointment of the Audit Committee (if such an obligation results from the generally applicable provisions of law). In such a case, the Supervisory Board adopts the regulations of the Audit Committee, in which it specifies the detailed principles of its functioning.*
17. *Expressing consent to the acquisition and transfer of real estate, perpetual usufruct or share in the real estate.*
18. *Development of a procedure for periodic assessment of significant transactions with related entities within the meaning of the Act of July 29, 2005 on public offering and conditions for introducing financial instruments to organized trading and on public companies.*
19. *Assessing and approving the conclusion of significant transactions with related entities referred to in paragraph 18 above.*
20. *Submission of periodic reports on the assessment of significant transactions of the Company, referred to in para. 18 above.*
21. *If the Company's financial statements are subject to statutory audit, the Supervisory Board is obliged, at least one week in advance, to notify the key statutory auditor who audited the Company's financial statements of the date of the meeting devoted to matters specified in Art. 382 § 3 of the Commercial Companies Code.*

The Audit Committee operates within the Supervisory Board. It is composed by:

- 1) Ms Agata Sierpińska-Sawicz - Chairwoman

- 2) Mr. Romuald Talarek - Vice Chairman
- 3) Ms Magdalena Janeczek - Member of the Committee

l) as regards the audit committee or, where appropriate, the supervisory board or other supervisory or control body where that body exercises the duties of the audit committee, an indication of:

-people who meet the statutory independence criteria

The statutory independence criteria are met by 2 members of the Audit Committee, i.e.:

- Pani Agata Sierpińska-Sawicz;
- Pan Romuald Talarek.

- people with knowledge and skills in the field of accounting or analysing of financial statements, with an indication of the way of acquiring them

The person with knowledge and skills in the field of accounting or analysing of financial statements is Ms Agata Sierpińska-Sawicz, who holds a PhD in economics. She acquired this knowledge during her master's studies at the University of Economics, and then doctoral studies at SGH Warsaw School of Economics.

The research issues she dealt with during her studies included such issues as: financial analysis of a business, controlling, financial management of businesses, economics of a business, financial analysis. In turn, her didactic activity includes financial analysis and controlling.

- people with knowledge and skills in the industry in which the issuer operates, with an indication of the way of acquiring them

The knowledge and skills in the field of metallurgy, in which Stalprodukt S.A. operates, are possessed by Mr Romuald Talarek, holding PhD in technical sciences. He gained his knowledge during Master's studies at the University of Silesia (faculty of physics, specialisation - solid state physics), and then doctoral studies (metallurgy specialisation) at the Silesian University of Technology. He also completed post-graduate studies (specialisation: metal physics and metal science) at the AGH University of Science and Technology in Kraków. He has documented training and courses in the management and organisation of production, technology and quality control, information systems, modern technologies in metallurgy.

He acquired his skills while working in companies in the steel industry (Huta Batory in Chorzów and Batorex Sp. z o.o.). Mr R. Talarek was also a long-term president of Polish Steel Association in Katowice.

During his professional career he was also a member of several teams and programme councils at various ministries and he acted in international committees and industry steel organisations (e.g. EUROFER and ESTA).

- whether there were services provided to the issuer by an audit firm analysing its financial statement being non-audit services and therefore whether the

independence of the audit firm was assessed and consent to the provision of such services was given

The auditing company Polscy Biegli Sp. z o.o., auditing the financial statements of Stalprodukt S.A., provided the Company with an attestation service consisting in examining and assessing the report on the remuneration of the Management Board and Supervisory Board of Stalprodukt S.A. for 2020. The Supervisory Board assessed the independence of this audit company and gave its consent to the provision of this service.

- main assumptions of the policy developed for the selection of an audit firm to carry out the analysis and the policy of the audit firm conducting the analysis by affiliated entities to this audit firm and by a member of the audit firm's network of permitted non-audit services**

The most important assumptions of the policy of selecting an audit firm:

- in accordance with the regulations applicable to the Company, the entity authorised to conduct the audit is selected by the Supervisory Board, acting on the recommendation of the Audit Committee;
- it is forbidden to introduce any contractual clauses that would require the Supervisory Board to choose an entity authorised to carry out analysis from among a specified category or list of entities authorised to carry out analysis;
- The Supervisory Board when making the final selection, and the Audit Committee at the stage of preparing recommendations, is guided by the following guidelines regarding the entity authorised to carry out the analysis:
 - price proposed by the entity authorised to carry out the analysis;
 - ability to provide a full range of services specified by Stalprodukt S.A. (analysis of unit statements, analysis of consolidated statements, inspections, etc.);
 - previous experience of the entity in the analysis of statements of units with a business profile similar to the Stalprodukt S.A. Group;
 - entity's previous experience in examining the statements of public interest units;
 - professional qualifications and experience of persons directly involved in the conducted analysis;
 - availability of qualified experts in the field of specific issues in financial statements, such as the valuation of actuarial provisions, valuation of derivative instruments, analysis of tax issues,
 - ensuring that the analysis is conducted in accordance with the International Standards on Auditing and Assurance Services and compliance with the International Standard on Quality Control 1;
 - confirmation of the independence of the entity authorised to carry out the analysis as early as at the stage of the selection procedure, this confirmation should apply to Stalprodukt S.A. Group

The most important Policy assumptions in the scope of providing additional services by the audit firm, an affiliated entity to the audit firm or a member of its network.

An expert auditor or an audit firm that performs statutory analysis of Stalprodukt S.A. or any member of the network to which the expert auditor or audit firm belongs must not provide directly or indirectly to the analysed entity, its parent company or its entities controlled by it,

any prohibited services that are non-audit services of financial statements in the following periods:

- (a) during the period from the start of the period analysed to the issuance of the analysis statement; and
- b) in the financial year immediately preceding the period referred to in letter a);

Prohibited services should be understood as defined in Article 5 of the REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (EU) NO. 537/2014 of 16 April 2014 on detailed requirements regarding joint analysis of financial statements of public-interest units, repealing Commission Decision 2005/909/W in connection with Article 136 of the Act of 11 May 2017 on expert auditors.

Provision of additional, non-prohibited services referred to in Article 136 (2) of the Act of 11 May 2017 on expert auditors, is possible after obtaining the approval of the Audit Committee, based on its assessment of threats and safeguards of independence. The Audit Committee may issue guidelines regarding the use of these services.

- **whether the recommendation regarding the selection of an audit firm to conduct the analysis met the applicable conditions, and whether the selection of the audit firm did not concern the extension of the contract for analysis of the financial statement - whether this recommendation was drawn up following the selection procedure organised by the issuer that met the applicable criteria**

The recommendation regarding the selection of an audit firm to conduct the analysis met the applicable conditions. In addition, the recommendation was prepared following a procedure organised by the issuer that met the applicable criteria.

- **number of meetings of the audit committee or meetings of the supervisory board or other supervisory or controlling body dedicated to performing the duties of the audit committee**

In 2023, the Audit Committee held 4 stationary and 4 remote meetings.

- **in the event of performing the duties of the audit committee by the supervisory board or another supervisory or controlling body - which of the statutory conditions giving the opportunity to exercise this option have been met, together with the relevant data**

Not applicable. In the case of Stalprodukt, these duties were performed by the Audit Committee.

- m) a description of the diversity policy applied to the administrative, management and supervisory bodies of the issuer**

The Management Board adopted the Diversity Policy for application with respect to the company's governing bodies and its key managers, however, it was not adopted by the Supervisory Board in relation to the Management Board, and in relation to the Supervisory Board, it was not adopted by the general meeting. Persons entitled to

elect members of the Company's bodies take into account the diversity of the composition of individual bodies, including gender diversity, but the basic criteria are the candidates' abilities, experience and competences.

However, this policy does not provide for the obligatory differentiation of the company's bodies (i.e. the Management Board and Supervisory Board) in terms of gender at the level of at least 30%. In the opinion of the Management Board, it is practically impossible to achieve such differentiation in the case of the Management Board. While this differentiation in the case of the Supervisory Board for its current term of office is even 40%, in the case of a 2-person Management Board, adopting such a postulate would mean that one of the members of the Management Board would have to be replaced by a female person or the composition of the Management Board would have to be deliberately enlarged by additional member (a female).

Taking into account the fact that the composition of the management board reflects the current organizational structure (the shape of which seems optimal and has been developed as a result of many years of experience and observation) and the division of competences of individual members of the management board (who also perform specific functions in it - i.e. the general director and financial director), changes in this respect are pointless and in practice difficult to implement. Moreover, expanding the composition of the management board would also mean increasing the remuneration costs of this body of the Company, which is also not justified.