

**Report on the remuneration of Members of the Management Board  
and Supervisory Board of Stalprodukt S.A. for 2022.**

Bochnia, May 2023

## **Introduction**

This remuneration report has been prepared pursuant to Art. 90g. Act on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies (Journal of Laws of 2020, item 2080) ("Act").

The current version of the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Stalprodukt S.A. ("Policy") was approved on June 15, 2020 by Resolution No. XXXIX/11/2020 of the Ordinary General Meeting of Stalprodukt S.A. This policy is available on the website of Stalprodukt S.A. in the "Investor relations" tab, section: "Corporate governance" (<https://www.stalprodukt.com.pl/en/investor-relations/general-meeting/>).

Pursuant to §7 of the Policy, the Supervisory Board prepares an annual remuneration report and then presents it to the General Meeting, which adopts a resolution on this report. The remuneration report is previously assessed by a statutory auditor in the scope of including the information required pursuant to art. 90 g of paragraphs 1-5 and 8 of the Act.

In addition, in §2 of Resolution No. XXXIX/11/2020, the Ordinary General Meeting authorized the Supervisory Board to detail the elements of the Policy described in art. 90d paragraph 7 of the Act to the extent specified in § 3 points 2.1-2.4 of the Policy. Therefore, at the first meeting of the Supervisory Board of the new term of office, which was held on October 9, 2020, the Supervisory Board introduced new rules and criteria for remunerating Members of the Management Board of the Company, in line with the "Remuneration Policy" adopted by the General Meeting. In particular, by Resolution No. 10/XII/2020, the Supervisory Board adopted the document entitled "Regulations of benefits and remuneration of the Management Board of Stalprodukt S.A., which entered into force on the same day.

The main change - in relation to the previously adopted solutions - consists in resignation from quarterly bonuses for the Management Board and limitation to the payment of an annual bonus. Moreover, the amount of the multiple of average remuneration in the Company for the previous month, which is the basis for the calculation of the basic remuneration of the Management Board members, was limited. Currently, this remuneration ranges from 6 to 10 times the average monthly remuneration for both the president and a member of the Management Board.

Pursuant to the provisions of the "Regulations of Benefits and Remuneration of the Management Board", changes were made to the existing employment contracts with members of the Management Board on October 30, 2020, which entered into force on November 1, 2021.

In connection with the above-mentioned changes to the Management Board remuneration rules, the last quarterly bonus for the Management Board was paid for the results of Q3 2020. In practice, therefore, the new rules for remunerating the Management Board are in force in the Company from Q4 2020.

The detailed scope of information required under Art. 90 g of paragraph 1, points 1) - 8) of the Act.

### **I. The amount of the total remuneration broken down into components referred to in Art. 90d paragraph 3 point 1 of the Act, and the mutual proportions between these remuneration components.**

#### **1. Components of the remuneration of the Management Board and Supervisory Board in 2022.**

## 1.1 Management

In 2022, the remuneration of Members of the Management Board of Stalprodukt S.A. consisted of the following elements: fixed remuneration, variable remuneration (quarterly and/or annual bonus) and additional benefits.

Remuneration of the Board for 2022 in PLN

First name and last name	Base pay	Annual bonus	Total	The share of basic pay in total remuneration
Piotr Janeczek	865 472	217 251	1 082 723	<b>79,9%</b>
Łukasz Mentel	623 866	173 022 <sup>1)</sup>	796 888	<b>78,3%</b>
<b>Razem</b>	<b>1 489 338</b>	<b>390 273</b>	<b>1 879 611</b>	<b>79,2%</b>

<sup>1)</sup> The above amount, being the annual bonus of the Management Board for 2021, includes the amount of PLN 20,946, which is a compensation for the erroneously calculated (i.e. underestimated) quarterly bonus for Q3 2020 (paid in June 2022).

## 1.2 Supervisory Board

In 2022, the remuneration of Members of the Supervisory Board of Stalprodukt S.A. consisted of a fixed cash remuneration, based on the appointment and due to the performed function, i.e. chairman, vice-chairman, secretary or member of the Supervisory Board of Stalprodukt S.A.

These rules were defined in Resolution No. XXXIX/11/2020 of the General Meeting of Stalprodukt S.A. on June 15, 2020. According to these rules, members of the Supervisory Board, depending on their function, receive remuneration in the following amount:

- Chairman of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.4;
- Vice-chairman and secretary of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.2;
- Member of the Supervisory Board - monthly remuneration in the amount of the average monthly wage in the Company for the previous month, multiplied by a factor of 1.1.

In addition, a member of the Supervisory Board who is also a member of the Audit Committee receives an additional monthly remuneration in the form of an additional monthly gross amount, increased by 20% in relation to the above-mentioned levels of remuneration.

### Remuneration of the Supervisory Board

First name and last name	Base pay for 2022
Stanisław Kurnik	121 479
Sanjay Samaddar <sup>2)</sup>	0
Magdalena Janeczek	127 897
Agata Sierpińska-Sawicz	117 242
Romuald Talarek	114 538
<b>Total</b>	<b>481 156</b>

<sup>2)</sup> Due to the internal regulations in force at ArcelorMittal Poland S.A., Mr. Sanjay Samaddar resigned from receiving remuneration for performing the function of a member of the Supervisory Board of Stalprodukt.

Members of the Management Board for the management of the Company and performance of functions in the management body, as well as Members of the Supervisory Board for the performance of functions in the supervisory body, may not receive from the Company any cash and non-monetary remuneration other than those described above. The above does not apply to members of the Supervisory Board who do not meet the criteria of being independent from the Company, who may also receive remuneration for the employment relationship between them and the Company (there are no such persons in the current term of the Supervisory Board).

### **1.3 Additional cash benefits received by the Management Board and Supervisory Board**

One member of the Management Board and two members of the Supervisory Board joined the Employee Capital Plans (Polish “PPK”) program and therefore receive additional cash benefits in the form of payment by the Employer of a part of the contribution to the PPK.

The table below contains the annual list of payments to PPK from the Employer (data in PLN).

First name and last name	Function	Payment to the PPK in 2022
Łukasz Mentel	Member of the Board	11 464
Magdalena Janeczek	Member of the Supervisory Board	1 874
Agata Sierpińska-Sawicz	Member of the Supervisory Board	1 718

In 2022, members of the Management Board used civil liability insurance, paid by the Company. The cost of the annual premium in this respect amounted to PLN 22,000.

### **1.4 Non-cash benefits**

Moreover, members of the Management Board receive non-cash benefits in the form of concluded contracts for the use of company cars for private purposes, settled by a flat-rate tax paid by members of the Management Board. The lump sum amounts to PLN 400/month.

## **2. Explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the company.**

The current rules of remuneration for the Management Board are more transparent than the previous ones, as they cover only the basic salary and the annual bonus of up to 30 percent. basic salary. In the opinion of the Supervisory Board, these amounts are in reasonable proportions to each other. These principles are also consistent with the restructured management remuneration system, which also assumes the payment of an annual bonus and its maximum level.

In addition, according to the "Remuneration Policy", one of the criteria for the payment of the variable part of the remuneration taken into account is the level of implementation of the business strategy. Such an approach to the evaluation of the work of the Management Board is conducive to the accomplishment of long-term goals by the Company, its sustainable development and the increase of the value of the Company for shareholders, while achieving favorable financial results.

In addition, in the opinion of the Supervisory Board, taking into account also non-financial aspects when paying out the variable part of the remuneration allows better care for the long-term and sustainable development of the Company, which thus secures the expectations of many stakeholders, allows to limit the negative social effects of the conducted activity, including minimizing the impact on the natural environment.

### 3. Information on how the performance criteria have been applied

In the currently applicable Regulations for remunerating the Management Board, financial and economic criteria are the basis for evaluating the work of the Management Board. The most important of them include such economic figures as e.g. the degree of implementation of the sales plan (in terms of quantity and value), changes in revenues from the sale of products, changes in costs in relation to changes in the value of sales, yields, changes in financial results in relation to the plan and the previous year, and a number of financial measures, such as liquidity ratios, profitability, debt and ability to service debt, operational efficiency and their changes in relation to the plan. In assessing the work of the Management Board, the Supervisory Board also takes into account extraordinary events occurring in the company's environment, on the market and other factors independent of the activities of the Management Board.

The justification for granting the maximum bonus by the Supervisory Board to the Management Board of Stalprodukt S.A. for 2021 were exceptionally high financial results of the Company. Operating profit increased in 2021 compared to 2020 more than 9 times, while net profit increased by 301.3%. Achieving such good results was the result of an exceptional effort of the Management Board in difficult market conditions caused by the COVID-19 coronavirus pandemic. In addition, through proper management of the Capital Group, the Company's Management Board also indirectly contributed to the very good results of the companies from the Group, in which Stalprodukt S.A. is the parent company. As a result, the Group's net profit in 2021 compared to the previous year increased by 181.2%.

### 4. Information on changes, on an annual basis, in remuneration, company results and average remuneration of employees of this company who are not members of the management board or the supervisory board, in the period of at least the last five financial years, in total, in a manner enabling comparison.

Comparison of changes in the remuneration of the Management Board, Supervisory Board and average remuneration in the Company (in PLN).

Years	Remuneration of Management Board (in PLN)*	Change (current year vs. previous year)	Remuneration of Supervisory Board (in PLN)	Change (current year vs. previous year)	Average wage of an employee (in PLN)	Change (current year vs. previous year)
2018	3 472 754	2,4%	319 074	-19,1%	5 303	5,3%
2019	4 642 690	33,7%	370 888	16,2%	5 625	6,1%
2020 <sup>3)</sup>	2 790 623	-39,9%	324 483	-12,5%	5 160	-8,3%
2021	1 777 269	-36,3%	399 840	23,2%	6 035	17,0%
2022	1 879 611	5,8%	481 156	20,3%	7 231	19,8%

<sup>3)</sup> from April 28, 2020, the Company's Management Board consists of 2 people, hence the differences in the amount of remuneration of the Management Board between 2018-2020 and 2021-2022.

Stalprodukt S.A. results in the years 2018-2022 (data in PLN thousand) and their percentage changes in individual years

Stalprodukt S.A.	2018	2019	2020	2021	2022	2019/ 2018	2020/ 2019	2021/ 2020	2022/ 2021
<b>Gross profit (loss) on sales</b>	125 834	90 113	87 915	334 461	513 283	-	-2,4%	280,4%	53,5%
<b>Operating profit (loss) (EBIT)</b>	33 097	-4 439	22 918	232 263	336 452	-	-	913,5%	44,9%
<b>EBITDA</b>	81 097	47 166	75 672	282 404	389 477	-	60,4%	273,2%	37,9%
<b>Net profit (loss)</b>	125 048	92 808	54 844	220 063	398 121	-	-	301,3%	80,9%

Results of the Stalprodukt S.A. Capital Group in the years 2018-2022 (data in PLN thousand) and their percentage changes in individual years

Stalprodukt S.A. Capital Group	2018	2019	2020	2021	2022	2019/ 2018	2020/ 2019	2021/ 2020	2022/ 2021
<b>Gross profit (loss) on sales</b>	549 100	482 455	421 962	819 732	861 017	-	-	94,3%	5,0%
<b>Operating profit (loss) (EBIT)</b>	299 847	203 708	196 084	621 218 <sup>4)</sup>	611 229	-	-3,7%	216,8%	-1,6%
<b>EBITDA</b>	448 872	371 488	362 907	177 043 <sup>4)</sup>	790 508	-	-2,3%	-51,2%	346,5%
<b>Net profit (loss)</b>	284 652	154 488	183 776	516 700 <sup>4)</sup>	480 522	-	19,0%	181,2%	-7,0%

<sup>4)</sup> The change in the specified items results from the correction of data for 2021 in connection with the correction of the consolidated annual report

**5. The amount of remuneration from entities belonging to the same capital group within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, items 351, 1495, 1571, 1655 and 1680 and of 2020, item 568).**

Wysokość wynagrodzenia otrzymanego przez członków Zarządu i Rady Nadzorczej od podmiotów należących do Grupy Kapitałowej Stalprodukt przedstawiona została w poniższej tabeli (dane w zł). The remuneration is related to the performance of the function of members of the supervisory boards of these entities

Name and Surname	Position	Remuneration for 2022
Piotr Janeczek	President of the Management Board	132 383
Łukasz Mentel	Member of the Management Board	123 720

**6. The number of granted or offered financial instruments and the main conditions for the exercise of rights from these instruments, including the price and date of exercise and their changes**

In 2022, neither the members of the Management Board nor the Supervisory Board were granted or offered any financial instruments.

## **7. Information on the use of the option to demand the return of variable remuneration components**

In accordance with the "Remuneration Policy", the rules for calculating, paying and possibly returning overpaid variable remuneration for a Management Board Member are determined by the resolutions of the Supervisory Board, and in the case of concluding an employment contract or a managerial contract, also these documents. The "Remuneration policy" also provides that if the Supervisory Board confirms the validity of the notification, the Management Board Member will be obliged to return the overpaid amount of the variable part of the remuneration. A member of the Management Board is obliged to accept in writing the rules of settling overpaid advances by means of a set-off.

## **8. Information on deviations from the procedure for implementing the remuneration policy and derogations applied pursuant to Art. 90f, including an explanation of the rationale and procedure, and an indication of the elements from which the exceptions were applied.**

As a rule, the "Remuneration Policy" does not contain any exceptions to its implementation.

## **9. Explanation of how the resolution referred to in para. 6 or the discussion referred to in par. 7, referring to the previous report about salaries.**

By Resolution No. XLI/11/2022 of June 23, 2022, the Ordinary General Meeting of the Company issued a positive opinion on the "Annual on remuneration of members of the Management Board and Supervisory Board of Stalprodukt S.A. for 2021. Considering the above, the resolution expressing an opinion on the previous Remuneration Report has been included in this Report in such a way that this Report presents the required information in a manner identical to the previous "Report on the remuneration".

Chairman of the Supervisory Board  
Stanisław Kurnik .....

Vice-Chairman of the Supervisory Board  
Sanjay Samaddar .....

Secretary of the Supervisory Board  
Magdalena Janeczek .....

Member of the Supervisory Board  
Agata Sierpińska-Sawicz .....

Member of the Supervisory Board  
Romuald Talarek .....

Bochnia, 12 May 2023