

**RESOLUTION NO. 84/X/2017
OF THE SUPERVISORY BOARD OF GRUPA AZOTY S.A.
of May 29th 2017**

concerning Report of the Supervisory Board on assessment of the Company's fulfilment of the disclosure requirements relating to compliance with the corporate governance principles adopted by the Company in the period January 1st-December 31st 2016

Acting pursuant to Art. 33.1.20 in conjunction with Art. 51.26 of the Company's Articles of Association, the Supervisory Board resolves as follows:

Section 1

The Supervisory Board approves the Report of the Supervisory Board for the Annual General Meeting on the assessment of the Company's fulfilment of the disclosure requirements relating to compliance with the corporate governance principles adopted by the Company in the period January 1st-December 31st 2016, as set out in the appendix hereto.

Section 2

The Supervisory Board requests that the Annual General Meeting consider the submitted Report.

Section 3

This Resolution shall become effective as of its date.

This Resolution has been passed by open ballot, in the presence of nine Supervisory Board Members.

Votes in favour: 9

Abstentions: 0

Votes against: 0.

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Marek Grzelaczyk /Chairman of
the Supervisory Board/

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Tomasz Karusewicz
/Deputy Chairman of the
Supervisory Board/

.....
Zbigniew Paprocki
/Secretary of the Supervisory
Board/

.....
Monika Fill

.....
Robert Kapka

.....
Artur Kucharski

.....
Bartłomiej Litwińczuk

.....
Ireneusz Purgacz

.....
Roman Romaniszyn

Appendix to Resolution No. 84/X/2017
of the Supervisory Board of Grupa Azoty S.A. of the 10th term of office,
dated May 29th 2017

REPORT
of the Supervisory Board of Grupa Azoty S.A. for the Annual General Meeting
on assessment of the company's fulfilment of disclosure requirements relating to
compliance with the adopted corporate governance
principles
for the period January 1st-December 31st 2016

In compliance with the Code of Best Practice for WSE Listed Companies 2016, the report presents an assessment of the Company's fulfilment of the disclosure requirements relating to compliance with corporate governance principles, as set out in the Exchange Rules and the applicable laws on current and periodic information to be published by issuers of securities.

Since the floatation of its shares on the WSE in 2008, the Company's aim has been to observe best corporate governance practices, as expressed in the declarations of the Company's Management Board contained in the issue prospectuses in 2008, 2011 and 2012.

The Supervisory Board issues a positive opinion on the Company's compliance with corporate governance standards in 2015, having considered the following:

1.

In 2016, the Company applied the standards set out in the Code of Best Practice for WSE Listed Companies, as declared in its issue prospectuses.

Following the amendment of the Code of Best Practice for WSE Listed Companies effected by way of Resolution No. 26/1413/2015 of October 13th 2015 of the WSE Supervisory Board, by way of Resolution No. 210/X/2015 of December 15th 2015, the Company's Management Board adopted the amended Code of Best Practice for WSE Listed Companies 2016, except for the following recommendations and principles:

1. IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using means of electronic communication, the company should enable its shareholders to participate in a general meeting using such means, in particular through:
 - a) real-time broadcast of a general meeting,
 - b) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the venue of the general meeting,
 - c) exercise of the right to vote during a general meeting either in person or through a proxy.
2. I.Z.1.20 A company should operate a corporate website and publish on it, in a legible form and in a separate section, an audio or video recording of a general meeting.
3. IV.Z.2. If justified by the shareholding structure, a company should ensure publicly available real-time broadcasts of general meetings.

The above principles and recommendations are not complied with as neither the Company's Articles of Association nor the Rules of Procedure for the Company's General Meeting provide for real-time broadcasting of General Meetings. The Company believes that the way General Meetings have been documented and carried out to date ensures transparency and safeguards the rights of all shareholders. Further, information on passed resolutions is published by the Company in the form of current reports, also on its website. Therefore investors are able to review the matters discussed at General Meetings. However, the Company does not rule out applying these principles and recommendations in the future.

2.

Following the amendment of the Code of Best Practice for WSE Listed Companies (Resolution No. 26/1413/2015 of October 13th 2015 of the WSE Supervisory Board), on December 21st 2015 the Supervisory Board passed Resolution No. 206/IX/2015 on adoption of the Code of Best Practice for WSE Listed Companies, with exceptions similar to those made in the Management Board Resolution No. 210/X/2015 of December 15th 2015, namely:

- Recommendation IV.R.2.,
- Principle I.Z.1.20., and
- Principle IV.Z.2.

In line with the Code of Best Practice for WSE Listed Companies, in 2016 the Supervisory Board prepared the following documents and presented them to the Annual General Meeting:

- assessment of the Company's position, including evaluation of its internal control, risk management and compliance systems as well as the internal audit function,
- report on the activities of the Supervisory Board, including information on the composition of the Supervisory Board and of its committees, fulfilment of independence criteria by the members of the Supervisory Board, number of meetings of the Supervisory Board and of its committees in the reporting period, and on self-assessment of the Supervisory Board's performance,
- assessment of the Company's fulfilment of the disclosure requirements relating to compliance with corporate governance principles, as set out in the Exchange Rules and the applicable laws on current and periodic information to be published by issuers of securities,
- assessment of the reasonableness of the Company's policy referred to in I.R.2 (i.e. the Company's sponsorship, charitable and similar initiatives).

General Meetings were attended by the Chairperson of the Supervisory Board, representatives of the Audit Committee, and Supervisory Board members elected by the Company's employees.

In 2016, the Supervisory Board appointed an Audit Committee, with its two members meeting the criteria of being independent of the Company and any entities with significant links to the Company. Following a change in the composition of the Audit Committee on December 16th 2016 (for more details, see section 10 of the report on the activities of the Supervisory Board in 2016), the Audit Committee is presently composed of four members, of whom three meet the criteria of being independent, as set out in Annex II to the European Council Recommendation 2005/162/EC of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. In compliance with principle II.Z.8., the Audit Committee Chairman meets the criteria of being independent, set out in principle II.Z.4. of the Code of Best Practice for WSE Listed Companies 2016.

At the meeting of April 27th 2017, the Supervisory Board reviewed the declarations of independence submitted by four Supervisory Board Members and found that no grounds existed to question the declarations.

3.

The corporate governance rules applied by the Company are published on the Company's website, in the Investor Relations/Corporate Governance section. The website features information on:

- the Company's Management Board (roles, competences, education and professional experience of the Management Board Members),
- the Supervisory Board (roles, competences, education and professional experience of the Supervisory Board Members, information on the Audit Committee, reports of the Supervisory Board, and information whether Supervisory Board Members meet the independence criteria),
- the General Meeting,
- the qualified auditor,
- compliance with best practice and explanations concerning non-compliance,
- diversity policy,
- corporate documents (Articles of Association, Rules of Procedure for the Management Board, Rules of Procedure for the Supervisory Board, Rules of Procedure for the General Meeting),
- reports on compliance with best practice and corporate governance.

The statement of compliance with corporate governance contained in the Directors' Report on the operations of Grupa Azoty S.A. and the Directors' Report on the operations of the Grupa Azoty Group, includes information on all the matters specified in Par. 91. 5.4 of Minister of Finance's Regulation on current and periodic information to be published by issuers of securities of February 19th 2009 (as amended), i.e.:

- Corporate governance code applicable to the Company and availability of the text of the code to the public;
- Nature and degree of Company's non-compliance with the corporate governance principles, and reasons for such non-compliance;
- Characteristics of applied internal control and risk management systems with regard to the preparation of financial statements and consolidated financial statements;
- A list of shareholders holding, directly or indirectly, significant holdings, along with information on the number of shares held by such entities, their respective ownership interests, the number of voting rights held, and their share in total voting rights at the General Meeting;

- Special control powers of security holders;
- Restrictions on voting rights;
- Restrictions on the transferability of securities;
- Rules governing appointment and removal of the management staff; powers of the management staff, including in particular the authority to resolve to issue or buy back shares;
- Rules governing amendments to the Company's Articles of Association;
- Operation and powers of the general meeting, as well as shareholders' rights and their exercise;
- Composition and operation of management, supervisory or administrative bodies of the issuer, and their appointed committees, and any changes to the composition made within the past financial year;
- Description of the diversity policy applied to the administrative, management and supervisory bodies.

4.

Since November 19th 2009, Grupa Azoty S.A. has been a constituent of the RESPECT index managed by the Warsaw Stock Exchange. The Company has been appreciated for its engagement in applying corporate social responsibility principles and having highest standards in corporate governance, corporate disclosure discipline, and investor relations, as well as environmental, social, and employee matters. In December 2016, the Company was for the tenth time included in the elite group of companies covered by the RESPECT Index, the first CSR-focused index in Central and Eastern Europe.

The Company's ESG reporting transparency was also appreciated by foreign institutions - in January 2017, Grupa Azoty S.A. was included in the prestigious FTSE4Good Emerging Index following a thorough assessment of its performance in terms of Environmental, Social and Corporate Governance practices. The assessment was performed by FTSE Russell in April 2015 and February 2016.

On April 10th 2017, Grupa Azoty S.A. earned the prestigious title of 'Transparent Company 2016' in the first edition of a ranking run by the *Parkiet* daily and the Institute of Accountancy and Taxes, with the support of the Warsaw Stock Exchange.

SUMMARY:

The Supervisory Board issues a positive opinion on the Company's compliance with corporate governance standards in 2016.

Signatures of members of the Supervisory Board of Grupa Azoty S.A.

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Marek Grzelaczyk -
Chairman of the Supervisory
Board

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Tomasz Karusewicz
/Deputy Chairman of the
Supervisory Board/

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Zbigniew Paprocki
/Secretary of the
Supervisory Board/

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Monika Fill

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Robert Kapka

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Artur Kucharski

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Bartłomiej Litwińczuk

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Ireneusz Purgacz

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Roman Romaniszyn

