

**RESOLUTION NO. 341/X/2019
OF THE SUPERVISORY BOARD OF GRUPA AZOTY S.A.
dated June 12th 2019**

concerning opinion on amendments to the Articles of Association of Grupa Azoty S.A.

Acting pursuant to Art. 32.1.18 in conjunction with Art. 50.19 in conjunction with Art. 51 of the Articles of Association of Grupa Azoty S.A. (the "Company"), the Supervisory Board of the Company

resolves as follows:

Section 1

The Company's Supervisory Board issues a positive opinion on the Management Board's proposal, to be submitted to the Annual General Meeting, to introduce the following amendments in the Company's Articles of Association:

I. The existing wording of Art. 21.1.11, reading:

"11) disposal, acquisition and encumbrance with limited property rights of non-current assets with a market value equal to or higher than PLN 50,000 (fifty thousand złoty), subject to Articles 32.2.1-2 and 50.1.8-9 of these Articles of Association."

shall be amended to read as follows:

"11) disposal, acquisition and encumbrance with limited property rights of non-current assets with a market value equal to or higher than PLN 50,000 (fifty thousand złoty), subject to Articles 32.2.1-2 and 50.1.8-13 of these Articles of Association."

II. The existing wording of Art. 24.1, reading:

"1. Subject to Article 25 et seq. of the Articles of Association, members of the Management Board are appointed by the Supervisory Board following a recruitment process held to verify and evaluate qualifications of candidates and to select the best candidate. The General Meeting shall determine the rules and procedures for the recruitment process in a resolution."

shall be amended to read as follows:

"1. Subject to Article 25 et seq. of the Articles of Association, members of the Management Board are appointed by the Supervisory Board following a recruitment process held to verify and evaluate qualifications of candidates and to select the best

candidate, with the exception of the Management Board members appointed in accordance with Article 25. The General Meeting shall determine the rules and procedures for the recruitment process in a resolution.”

III. After Art. 32.1.9, new Art. 32.1.10 shall be added, reading as follows:

“10) giving opinion on the report on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and management consultancy fees, and on the report on compliance with best practices issued pursuant to Art. 7.3 of the Act on State Property Management of December 16th 2016,”

with a simultaneous appropriate change in the numbering of the subsequent paragraphs of Art. 32.

IV. In Art. 32.2.2, new Art. 32.2.2.c shall be added, reading as follows:

“c) contracts to purchase electricity and related property rights, contracts to purchase CO₂ emission allowances,”

V. The existing wording of Art. 32.2.5, reading:

“5) execution or amendment of an agreement for the provision of legal services, marketing services, public relations and social communication services, or management consultancy services, if the total fees for the services to be provided under such agreement exceed PLN 500,000 (five hundred thousand złoty), VAT exclusive, per year, or if the lump-sum or maximum amount of the fees is not provided for in the agreement,”

shall be amended to read as follows:

“5) execution or amendment of an agreement for the provision of legal services, marketing services, public relations and social communication services, or management consultancy services, if the total fees for the services to be provided under such agreement or other agreements made with the same entity exceed PLN 500,000 (five hundred thousand złoty), VAT exclusive, per year, or if the lump-sum or maximum amount of the fees is not provided for in the agreement,”

VI. The existing wording of Art. 50, reading:

“In particular, the powers of the General Meeting shall include:

- 1) examination and approval of the financial statements for the previous financial year and the directors’ report on the company’s operations,*
- 2) granting discharge to members of the Company’s governing bodies in respect of performance of their duties,*

- 3) *distribution of profit or coverage of loss,*
- 4) *setting the dividend record date and the dividend payment date, as well as decision on payment of dividend in instalments,*
- 5) *review and approval of the consolidated financial statements of the Group for the previous financial year and of the directors' report on the Group's operations if their preparation is required under the Accounting Act,*
- 6) *appointment and removal of Supervisory Board members appointed by the General Meeting, including the Chairperson of the Supervisory Board, subject to the provisions of Article 16.2,*
- 7) *determination of the rules and amounts of remuneration for Supervisory Board members,*
- 8) *granting consent to disposal or lease of the Company's business or its organised part, and establishment of limited property rights in the Company's business or its organised part,*
- 9) *granting consent for the following legal transactions, if the market value of the subject matter of such legal transaction exceeds PLN 100,000,000 (one hundred million zloty) or 5% of the Company's total assets:*
 - a) *acquisition or disposal of real property, perpetual usufruct right or interest in real property,*
 - b) *acquisition or disposal of non-current assets, as well as granting another entity the right to use such assets for a period longer than 180 days in a calendar year,*
 - c) *acquisition, purchase or sale of shares in another company,*
- 10) *execution of loan, credit facility, surety or any other similar agreement by the Company with or for the benefit of a member of the Management Board, member of the Supervisory Board, commercial proxy, or liquidator,*
- 11) *increase or reduction of the Company's share capital,*
- 12) *issue of convertible bonds, bonds with pre-emptive rights and subscription warrants,*
- 13) *acquisition of the Company's own shares in the situation specified in Article 362.1.2 of the Commercial Companies Code,*
- 14) *squeeze-out carried out in compliance with Article 418 of the Commercial Companies Code,*
- 15) *creation, use and release of capital reserves,*
- 16) *use of statutory reserve funds,*
- 17) *decisions with respect to claims for redress of damage inflicted in the course of establishing the Company, its management or supervision,*
- 18) *merger, transformation or demerger of the Company,*

- 19) *amendments to the Articles of Association and change of the Company's business profile,*
- 20) *dissolution and liquidation of the Company,*
- 21) *review of the Supervisory Board's reports referred to in Articles 32.1.8, 32.1.19, 32.1.20, and 32.1.21,*
- 22) *determination of rules for disposal of non-current assets whose value exceeds 0.1% of the Company's total assets,*
- 23) *determination of detailed recruitment rules and selection procedure for members of the Company's Management Board,*
- 24) *determination of the rules of remuneration for members of the Company's Management Board."*

shall be amended to read as follows:

"In particular, the powers of the General Meeting shall include:

- 1) *examination and approval of the financial statements for the previous financial year and the directors' report on the company's operations,*
- 2) *granting discharge to members of the Company's governing bodies in respect of performance of their duties,*
- 3) *distribution of profit or coverage of loss,*
- 4) *setting the dividend record date and the dividend payment date, as well as decision on payment of dividend in instalments,*
- 5) *review and approval of the consolidated financial statements of the Group for the previous financial year and of the directors' report on the Group's operations if their preparation is required under the Accounting Act,*
- 6) *appointment and removal of Supervisory Board members appointed by the General Meeting, including the Chairperson of the Supervisory Board, subject to the provisions of Article 16.2,*
- 7) *determination of the rules and amounts of remuneration for Supervisory Board members,*
- 8) *granting consent to disposal or lease of the Company's business or its organised part, and establishment of limited property rights in the Company's business or its organised part,*
- 9) *granting consent to disposal of real property, right of perpetual usufruct to real property or interest in real property, as well as other non-current assets, in particular intangible assets, property, plant and equipment or long-term investments, including their contribution to a company or cooperative if the market value of such assets exceeds 5% of total assets,*

10) *granting consent to granting another entity the right to use assets referred to in item 9 above for a period longer than 180 days in a calendar year under a legal transaction if the market value of the subject matter of the transaction exceeds 5% of total assets, with the proviso that if the right to use is granted under:*

a) *a lease, rental or other agreement for granting another entity the right to use an asset against consideration – the market value of the asset in such legal transaction shall be understood as the value of consideration for:*

- *one year - if the right to use the asset is granted under an agreement concluded for an indefinite term,*

- *the entire term of the agreement – if the right to use the asset is granted under an agreement concluded for a fixed term,*

b) *lending agreements or other agreements for granting other entities the right to use an asset free of charge – the market value of the asset in such legal transaction shall be understood as the amount of consideration which would have been payable if a lease or rental agreement had been concluded, for:*

- *one year - if the right to use the asset is granted under an agreement concluded for an indefinite term,*

- *the entire term of the agreement – if the right to use the asset is granted under an agreement concluded for a fixed term;*

11) *granting consent to acquisition of real property, right of perpetual usufruct to real property or interest in real property, as well as other non-current assets, with a value exceeding:*

a) *PLN 100,000,000, or*

b) *5% of total assets;*

12) *acquisition of or subscription for shares in another company where the value of such shares exceeds:*

a) *PLN 100,000,000, or*

b) *5% of total assets;*

13) *Disposal of shares in another company, with a market value exceeding:*

a) *PLN 100,000,000, or*

b) *5% of total assets;*

14) *execution of loan, credit facility, surety or any other similar agreement by the Company with or for the benefit of a member of the Management Board, member of the Supervisory Board, commercial proxy, or liquidator,*

15) *increase or reduction of the Company's share capital,*

16) *issue of convertible bonds, bonds with pre-emptive rights and subscription warrants,*

- 17) *acquisition of the Company's own shares in the situation specified in Article 362.1.2 of the Commercial Companies Code,*
- 18) *squeeze-out carried out in compliance with Article 418 of the Commercial Companies Code,*
- 19) *creation, use and release of capital reserves,*
- 20) *use of statutory reserve funds,*
- 21) *decisions with respect to claims for redress of damage inflicted in the course of establishing the Company, its management or supervision,*
- 22) *merger, transformation or demerger of the Company,*
- 23) *amendments to the Articles of Association and change of the Company's business profile,*
- 24) *dissolution and liquidation of the Company,*
- 25) *review of the Supervisory Board's reports referred to in Articles 32.1.8, 32.1.20, 32.1.21, and 32.1.22,*
- 26) *determination of rules for disposal of non-current assets whose market value exceeds 0.1% of the Company's total assets, unless the market value of such assets does not exceed PLN 20,000 (twenty thousand zloty),*
- 27) *determination of detailed recruitment rules and selection procedure for members of the Company's Management Board,*
- 28) *determination of the rules of remuneration for members of the Company's Management Board."*

VII. The existing wording of Art. 56, reading:

"The Company's Management Board shall:

- 1) *within three months from the reporting date, prepare financial statements for the previous financial year together with the Directors' Report on the Company's operations, including a report on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and management consultancy fees,*
- 2) *have the financial statements audited,*
- 3) *submit the documents referred to in Art. 56.1, together with the audit report, for assessment by the Supervisory Board,*
- 4) *submit to the Annual General Meeting the documents referred to in Art. 56.1, together with the audit report and the Supervisory Board's reports for the Annual General Meeting,*
- 5) *prepare the Directors' Report on the Group's operations within two months from the date prescribed for the preparation of the Company's financial statements, if required*

under the Accounting Act,

- 6) have the consolidated financial statements audited,*
- 7) submit the documents referred to in Art. 56.5, together with the audit report, for assessment by the Supervisory Board,*
- 8) submit to the General Meeting the documents referred to in Art. 56.5 above, together with the audit report, and the Supervisory Board's report referred to in Art. 32.1.9, by the end of the eighth month from the reporting date."*

shall be amended to read as follows:

"The Company's Management Board shall:

- 1) within three months from the reporting date, prepare financial statements together with the Directors' Report on the Company's operations for the previous financial year,*
- 2) within three months from the reporting date, prepare a report on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and management consultancy fees, and on a report on compliance with best practices issued pursuant to Art. 7.3 of the Act on State Property Management of December 16th 2016,*
- 3) have the financial statements audited,*
- 4) submit the documents referred to in Art. 56.1, together with the audit report, for assessment by the Supervisory Board,*
- 5) submit to the Annual General Meeting the documents referred to in Art. 56.1, together with the audit report and the Supervisory Board's reports for the Annual General Meeting,*
- 6) prepare the Directors' Report on the Group's operations within two months from the date prescribed for the preparation of the Company's financial statements, if required under the Accounting Act,*
- 7) submit to the Annual General Meeting the documents referred to in Article 56.2, together with the Supervisory Board's opinion,*
- 8) have the consolidated financial statements audited,*
- 9) submit the documents referred to in Art. 56.6, together with the audit report, for assessment by the Supervisory Board,*
- 10) submit to the General Meeting the documents referred to in Art. 56.6, together with the audit report, and the Supervisory Board's report referred to in Art. 32.1.9, by the end of the eighth month from the reporting date."*

VIII The existing wording of Art. 59, reading:

"Disposal of a non-current asset whose value exceeds 0.1% of the Company's total assets

shall be effected through an auction, unless the value does not exceed PLN 20,000.00 (twenty thousand złoty). Detailed rules for conducting such auctions and situations in which holding an auction is not required shall be defined in a resolution of the General Meeting.”

shall be amended to read as follows:

“Disposal of a non-current asset whose market value exceeds 0.1% of the Company’s total assets shall be effected through a tender or auction, unless the value does not exceed PLN 20,000.00 (twenty thousand złoty). Detailed rules for conducting such tenders or auctions and situations in which holding an auction is not required shall be defined in a resolution of the General Meeting.”

1)

Section 3

This Resolution shall become effective as of its date.

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

Votes in favour: -

Abstentions: -

Votes against: -

.....
Michał Gabryel - Deputy
Chairman of the Supervisory
Board

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

.....
Paweł Bielski

.....
Piotr Czajkowski

.....
Monika Fill

.....
Robert Kapka

.....
Bartłomiej Litwińczuk

.....
Marcin Pawlicki

.....
Roman Romaniszyn

