

The file contains:

1. Draft resolution of the Annual General Meeting
2. Resolution of the Company's Supervisory Board
3. Resolution of the Company's Management Board
4. Consolidated report of the Grupa Azoty Group on payments to governments  
for 2019

- DRAFT -

**RESOLUTION NO.  
OF THE ANNUAL GENERAL MEETING  
OF GRUPA AZOTY S.A. OF TARNÓW  
HELD ON JUNE 29TH 2020  
TO RECEIVE THE CONSOLIDATED REPORT  
OF THE GRUPA AZOTY GROUP  
ON PAYMENTS TO GOVERNMENTS IN 2019**

Acting pursuant to Art. 395.5 of the Commercial Companies Code and Art. 63j in conjunction with art. 52.1 and Art. 53.1., Art. 63g.2 in conjunction with Art. 63g.1 of the Accounting Act of September 29th 1994, and Art. 50.5 of the Articles of Association of Grupa Azoty S.A. (the "Company"), having reviewed the consolidated report of the Grupa Azoty Group on payments to governments in 2019, and having reviewed the Supervisory Board's assessment of this report and report on the assessment, the Annual General Meeting of the Company

**resolves as follows:**

**Section 1**

The Annual General Meeting hereby receives the consolidated report of the Grupa Azoty Group on payments to governments in 2019.

Section 2

This Resolution shall become effective as of its date.

The votes cast in an open ballot were as follows:

For: .....

Against:.....

Abstentions: .....

**GROUND**

*Pursuant to Art. 63g.1 and 63g.2 of the Accounting Act (consolidated text: Dz.U. of 2019, item 351): "1. The entity referred to in Art. 63f.1, being the parent specified in Art. 55.1, shall*

*prepare a consolidated report on payments to governments in accordance with Art. 63f.2–63f.5. 2 The provisions of Art. 63g.1 shall apply mutatis mutandis to the parent specified in Art. 55.1 if it meets the conditions defined in Art. 63f.1.1 or 63f.1.2 and any of its subsidiaries is an entity operating in the extractive industry or an entity engaged in the logging of primary forests, and a single payment or sum of related payments to governments made by its subsidiary in the financial year represented at least the equivalent of PLN 424,700.*

- Pursuant to Art. 395.5 of the Commercial Companies Code, the agenda of the annual general meeting may also include receiving the financial statements of the group within the meaning of accounting laws, and matters other than specified in Art. 395.2. Pursuant to Art. 63j. and Art. 63c.4 of the Accounting Act of September 29th 1994 (consolidated text: Dz. U. of 2019, item 351), the provisions of Art. 52.1 and 52.2 apply accordingly to the report on payments to governments and consolidated report on payments to governments, with the proviso that they are not signed by the person entrusted with keeping the accounting books. Art. 52.1 of the Accounting Act stipulates that the head of the entity is required to ensure that the full-year financial statements are prepared no later than within three months of the reporting date and submits them to the competent authorities, in accordance with the laws applicable to the entity and its Articles of Association. Under Art. 53.1 of the Accounting Act, the entity's full-year financial statements, subject to Art. 53.2b, are to be received by the relevant body no later than six months after the reporting date. Accordingly, the consolidated report of the Grupa Azoty Group on payments to governments in 2019 is required to be received by the Company's General Meeting.*
- The Company's Management Board adopted the consolidated report of the Grupa Azoty Group on payments to governments in 2019 by Resolution No. 651/XI/2020 of April 7th 2020. Then the document was positively assessed by the Company's Supervisory Board by Resolution No. 419/X/2020 of April 7th 2020. Furthermore, the Supervisory Board, by Resolution No. 442/X/2020 of May 29th 2020, adopted the Report of the Supervisory Board of Grupa Azoty S.A. on assessment of the following statements and reports for 2019: separate financial statements of Grupa Azoty S.A., consolidated financial statements of the Grupa Azoty Group, the Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group, consolidated report on payments to governments of the Grupa Azoty Group, non-financial statement of the Grupa Azoty Group, and the Management Board's proposal on the allocation of net profit for 2019", and submitted it to the Annual General Meeting.*

- EXCERPT -

**RESOLUTION NO. 419/X/2020  
OF THE SUPERVISORY BOARD OF GRUPA AZOTY S.A.  
dated April 7th 2020**

**on the assessment of the consolidated report of the Grupa Azoty Group on payments  
to governments in 2019**

Pursuant to Art. 32.1.9 and 32.1.19, and Art. 51 of the Articles of Association of Grupa Azoty S.A. (the "Company"), Par. 10.1 and 10.2 of the Rules of Procedure for the Company's Supervisory Board, in conjunction with Art. 50.5 of the Company's Articles of Association, in conjunction with Art. 395.5 of the Commercial Companies Code, and Art. 63j in conjunction with Art. 52.1. and Art. 53.1 of the Accounting Act, as well as the Management Board's Resolution No. 651/XI/2020 of April 7th 2020 to adopt the consolidated report of the Grupa Azoty Group on payments to governments in 2019, the Company's Supervisory Board

**resolves as follows:**

Section 1

The Supervisory Board gives a positive assessment of the consolidated report of the Grupa Azoty Group on payments to governments in 2019.

Section 2

The Supervisory Board gives a positive opinion on the Management Board's proposal for the Annual General Meeting to receive the report referred to in Section 1 above.

Section 3

This Resolution shall become effective as of its date.

- EXCERPT -

**RESOLUTION NO. 651/XI/2020**  
**of the Management Board of Grupa Azoty Spółka Akcyjna**  
**dated April 7th 2020**

**to adopt the consolidated report of the Grupa Azoty Group on payments to governments in 2019**

Pursuant to Art. 21.1 and 21.2.12 of the Articles of Association of Grupa Azoty S.A. (the "Company"), Par. 9.2 of the Rules of Procedure for the Company's Management Board, Art. 63g.2 in conjunction with 63g.1 of the Accounting Act, in conjunction with Art. 32.1.9 and 32.1.19, and Art. 50.5 and Art. 51 of the Company's Articles of Association, and in conjunction with Art. 395.5 of the Commercial Companies Code and Art. 63j in conjunction with Art. 52.1 and Art. 53.1 of the Accounting Act, the Company's Management Board

**resolves as follows:**

Section 1

The Management Board adopts the consolidated report of the Grupa Azoty Group on payments to governments in 2019, as attached to this Resolution,

Section 2

1. The Company's Management Board authorises Mr Wojciech Wardacki, President of the Management Board, to submit the report to the Supervisory Board for its assessment and opinion referred to in Art. 51 of the Company's Articles of Association, and then to submit a proposal for the Annual General Meeting to receive the report.
2. The Company's Management Board authorises Mr Wojciech Wardacki, President of the Management Board, to present to the Annual General Meeting the Supervisory Board's report on the assessment of the report.

Section 3

This Resolution shall become effective as of its date.



Consolidated report of the Grupa Azoty Group  
on payments to governments  
for 2019

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## 1. General information

### 1.1. Basis of preparation

This consolidated report on payments to governments has been prepared in accordance with the provisions of Section 6a of the Accounting Act of September 29th 1994 (Dz.U. of 1994, No. 121, item 591, consolidated text: Dz.U. of 2018, item 395), and presents payments to governments made by the Grupa Azoty Group with regard to the upstream sector.

To satisfy the requirements of Art. 63e-Art. 63j of the Accounting Act, the Grupa Azoty Group prepares a consolidated report on payments to governments including information on:

- Total amount of payments made to governments in a given country, broken down into payments made at appropriate government levels,
- Total amount of payments made to governments in a given country, at appropriate government levels, broken down into payment categories set out in Art. 63e.6 of the Accounting Act,
- Where payments have been assigned by the entity to a specific project – total amount of payments for each project, broken down into payment categories set out in Art. 63e.6 of the Accounting Act.

Grupa Azoty S.A., as the parent of the Grupa Azoty Group, is obliged to issue a consolidated report on payments to governments as at December 31st 2019, including data of the Group companies operating in the upstream sector.

Payments to governments presented in this report are related to the exploration for, appraisal and production of sulfur in Poland.

### 1.2. Description of the Group

Grupa Azoty S.A. is the Parent of the Grupa Azoty Group.

The Parent was entered in the Register of Businesses in the National Court Register (entry No. KRS 0000075450) on December 28th 2001, pursuant to a ruling of the District Court for Kraków-Śródmieście in Kraków, 12th Commercial Division of the National Court Register, dated December 28th 2001. The Parent's REGON number for public statistics purposes is 850002268.

Since April 22nd 2013, the Company has been trading under its new name Grupa Azoty Spółka Akcyjna (abbreviated to Grupa Azoty S.A.).

The Grupa Azoty Group is one of Central Europe's major chemical groups with a strong presence on the market of mineral fertilizers, engineering plastics, OXO products, and other chemicals.

Grupa Azoty has brought together companies with different traditions and complementary business profiles, seeking to leverage their potential to deliver a common strategy. This has led to the creation of Poland's largest chemical group and a major industry player in Europe. Thanks to its carefully designed structure, the Group offers a diverse product mix, ranging from nitrogen and compound fertilizers, engineering plastics, to OXO products and melamine.

### 1.3. Upstream operations

In 2019, the Grupa Azoty Group included one company operating in the upstream sector: Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A.

The company's registered office is located in Grzybów. Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A. is Poland's largest producers of liquid sulfur.

Sulfur is produced at the Osiek Sulfur Mine, based on a closed-loop system for heat and formation water.

On the premises of the Osiek Sulfur Mine, there is a sulfur granulation and pastillation unit enabling transformation of liquid sulfur into granules (sized 0.5mm-6.3mm) and pastilles. The key purpose of the granulation and pastillation processes is to facilitate and reduce the cost of long-haul transport (by sea). The Osiek Sulfur Mine is the only operational sulfur mine in the world. Sulfur is typically obtained through refining crude oil and natural gas. This product is economically competitive to sulfur extracted using the underground melting method as the costs of its production are charged to the main product - oil or gas.

In 2018, the Grupa Azoty Group included two companies operating in the mining sector: Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A. and African Investment Group S.A. of Senegal (subsidiary of Grupa Azoty POLICE).



On May 30th 2018, the shares in African Investment Group S.A. held by Grupa Azoty POLICE and Grupa Azoty Police Serwis Sp. z o.o. (a subsidiary of Grupa Azoty POLICE) were transferred back to DGG Eco Sp. z o.o. As of that date, the two companies are not shareholders in African Investment Group S.A. (for details of the transaction, see the Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group for the 12 months ended December 31st 2018).

## 2. Payments to governments by country

### Payments by country in 2019

	Taxes levied on income, production or profits, excluding taxes levied on consumption, such as value added taxes, personal income taxes or sales taxes	Royalties	Licence fees, rental fees, entry fees, and other considerations for licences or concessions	Total
<b>POLAND:</b>				
<b>Central and local authorities:</b>				
Tax Office in Kielce	1,119	-	-	1,119
County Councils	-	-	185	185
Marshal Office	-	200	-	200
Regional Directorate for State Forests in Radom	-	673	-	673
Customs Chamber in Kraków	157	-	-	157
National Fund for Environmental Protection and Water Management	-	435	-	435
Ministry of Environment	-	-	1,015	1,015
<b>Undertakings supervised or controlled by the authorities:</b>				
Municipality and Town Municipal Offices		586	7,897	8,483
<b>TOTAL</b>	<b>1,276</b>	<b>1,894</b>	<b>9,097</b>	<b>12,267</b>

Payments by country in 2018

	Taxes levied on income, production or profits, excluding taxes levied on consumption, such as value added taxes, personal income taxes or sales taxes	Royalties	Licence fees, rental fees, entry fees, and other considerations for licences or concessions	Total
<b>POLAND:</b>				
<b>Central and local authorities:</b>				
Tax Office in Kielce	370	-	-	370
County Councils	-	-	178	178
Marshal Office	-	208	-	208
Regional Directorate for State Forests in Radom	-	384	-	384
Customs Chamber in Kraków	509	-	-	509
National Fund for Environmental Protection and Water Management	-	438	-	438
Ministry of Environment	-	-	10	10
<b>Undertakings supervised or controlled by the authorities:</b>				
Municipality and Town Municipal Offices	-	632	7,836	8,468
<b>POLAND TOTAL</b>	<b>879</b>	<b>1,662</b>	<b>8,024</b>	<b>10,565</b>
<b>SENEGAL:</b>				
<b>Central, regional and local authorities:</b>				
General Directorate for Taxes and State Treasury: tax office, local government	29	-	-	29
<b>SENEGAL TOTAL</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>
<b>TOTAL</b>	<b>908</b>	<b>1,662</b>	<b>8,024</b>	<b>10,594</b>

### 3. Payments to governments by project

#### Payments by project in 2019

	Taxes levied on income, production or profits, excluding taxes levied on consumption, such as value added taxes, personal income taxes or sales taxes	Royalties	Licence fees, rental fees, entry fees, and other considerations for licences or concessions	Total
<b>Payments at project level</b>				
Sulfur Production Project	1,119	977	1,015	3,111
<b>Total projects</b>	<b>1,119</b>	<b>977</b>	<b>1,015</b>	<b>3,111</b>
<b>Payments at entity level</b>				
Payments at the level of Grupa Azoty KiZCh Siarkopol S.A. <sup>1)</sup>	157	917	8,082	9,156
<b>Total payments at entity level</b>	<b>157</b>	<b>917</b>	<b>8,082</b>	<b>9,156</b>
<b>TOTAL</b>	<b>1,276</b>	<b>1,894</b>	<b>9,097</b>	<b>12,267</b>

<sup>1)</sup> The largest item of taxes levied (PLN 721 thousand) is withholding tax; the largest items of fees are property tax (PLN 7,897 thousand), royalties (PLN 977 thousand), and fees for using geological information (PLN 994 thousand).

Payments by project in 2018

	Taxes levied on income, production or profits, excluding taxes levied on consumption, such as value added taxes, personal income taxes or sales taxes	Royalties	Licence fees, rental fees, entry fees, and other considerations for licences or concessions	Total
<b>Payments at project level</b>				
Sulfur Production Project	370	1,053	10	1,433
Kebemer	1	-	-	1
<b>Total projects</b>	<b>371</b>	<b>1,053</b>	<b>10</b>	<b>1,434</b>
<b>Payments at entity level</b>				
Payments at the level of Grupa Azoty KiZCh Siarkopol S.A. <sup>1)</sup>	509	609	8,014	9,132
Payments at the level of African Investment Group S.A.	28	-	-	28
<b>Total payments at entity level</b>	<b>537</b>	<b>609</b>	<b>8,014</b>	<b>9,160</b>
<b>TOTAL</b>	<b>908</b>	<b>1,662</b>	<b>8,024</b>	<b>10,594</b>

<sup>1)</sup> The largest item of taxes levied (PLN 509 thousand) is excise duty; the largest item of fees is property tax (PLN 7,802 thousand) and royalties (PLN 1,053 thousand).

## 4. Policies followed in the preparation of this report on payments to governments

### 4.1. Key preparation policies

This consolidated report on payments to governments has been prepared on a cash basis. In 2019, no in-kind payments were made.

The data contained in this consolidated report on payments to governments is presented in the Polish zloty, rounded to the nearest thousand. The Polish zloty is the functional currency of the parent – Grupa Azoty.

### 4.2. Key presentation policies

The following presentation policies have been applied in the preparation of this consolidated report on payments to governments:

#### Payments

Amounts paid to governments of individual countries, related to the exploration for, discovery, development and production of minerals, sulfur and other deposits (upstream operations).

#### Governments

Government means any national, regional and local authority, including undertakings supervised or controlled by such authorities (including state-owned companies).

#### Projects

A project is defined as the operational activities carried out in a distinct exploration area under a licence obtained for that area, which form the basis for payment liabilities to a government.

Payments are disclosed at project level, except where it is impossible to assign them to a given project - in such cases payments are disclosed at entity level.

#### Identified payment categories

- a) Taxes levied on income, production or profits of the companies, excluding taxes levied on consumption, such as value added taxes, personal income taxes or sales taxes.  
This payment category includes also excise tax on electricity consumption and interest accrued from the date of classifying amounts spent on acquisition or production of assets as tax-deductible expenses until the date on which the period of their use exceeds one year.
- b) Royalties.  
This item includes emission charges, annual charges, and environmental charges.
- c) Licence fees, rental fees, entry fees, and other considerations for licences or concessions.  
This category includes also payments related to tax on means of transport used in upstream operations and paid property taxes.

## Signatures of members of the Management Board

*Signed with qualified electronic signature*

.....

Wojciech Wardacki, PhD

*President of the Management Board*

*Signed with qualified electronic signature*

.....

Mariusz Grab

*Vice President of the Management Board*

*Signed with qualified electronic signature*

.....

Grzegorz Kądziaławski, PhD

*Vice President of the Management Board*

*Signed with qualified electronic signature*

.....

Artur Kopec

*Member of the Management Board*

*Signed with qualified electronic signature*

.....

Witold Szczypiński

*Vice President of the Management Board,*

*Director General*

*Signed with qualified electronic signature*

.....

Tomasz Hryniewicz

*Vice President of the Management Board*

*Signed with qualified electronic signature*

.....

Paweł Łapiński

*Vice President of the Management Board*

Tarnów, April 7th 2020