I kindly inform you that the Supervisory Board of Grupa Azoty S.A., having considered the draft resolutions by means of remote communication on February 10th and February 11th 2020, did not pass the following resolutions:

1) resolution to issue an opinion on a proposal of the Management Board of Grupa Azoty S.A. to the General Meeting of Grupa Azoty S.A. to grant consent to the provision of long-term subordinated loans to Grupa Azoty Polyolefins S.A., given the following voting result:
   nine Supervisory Board Members participated in the vote;
   votes in favour: 4
   abstentions: 5
   votes against: 0

2) resolution to issue an opinion on a proposal of the Management Board of Grupa Azoty S.A. to the General Meeting of Grupa Azoty S.A. to grant consent to the provision of long-term loans, each in excess of PLN 100,000,000, to the subsidiaries Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A., given the following voting result:
   nine Supervisory Board Members participated in the vote;
   votes in favour: 4
   abstentions: 4
   votes against: 1
Statement of reasons

The abstaining members of the Supervisory Board argued that in accordance with Art. 21.2.5 of the Company’s Articles of Association, granting and contracting of loans and credit facilities requires a Management Board resolution, subject to Art. 32.2.2 of the Articles of Association. The latter caveat pertains to the powers of the Supervisory Board, which, pursuant to Art. 32.2.2 of the Company’s Articles of Association, grants consent to the Management Board to enter into a legal transaction if the value of the subject matter of such legal transaction exceeds PLN 6,000,000 (six million złoty), except for:

a) transactions included in the approved annual budgets;

b) contracts concluded in the ordinary course of the Company’s business, i.e. contracts for the sale of products manufactured by the Company, sale of merchandise and for the purchase of merchandise, raw materials and feedstocks;

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

Accordingly, in the light of Art. 21.2.5 in conjunction with Art. 32.2.2 of the Company’s Articles of Association, granting consent to the Management Board to enter into legal transactions, including loans exceeding PLN 6,000,000 (six million złoty), falls within the Supervisory Board’s powers, unless the exemption conditions stipulated in the Company’s Articles of Association are met.

Therefore, the provision of loans by the Company, including the loans to be considered by the General Meeting convened for February 17th 2020, does not require consent from the General Meeting. These transactions, however, require consent from the Supervisory Board unless the relevant exemption conditions are met.

Yours faithfully,

on authorisation from the Chair of the Supervisory Board

Secretary of the Supervisory Board of Grupa Azoty S.A.

Zbigniew Paprocki