

**RULES OF PROCEDURE FOR  
THE MANAGEMENT BOARD OF  
GRUPA AZOTY SPÓŁKA AKCYJNA OF TARNÓW**

Adopted by Management Board Resolution No. 59/X/2018 of February 1st 2018

Approved by Supervisory Board Resolution No. 151/X/2018 of February 1st 2018

Tarnów 2018

## **GENERAL PROVISIONS**

### **Section 1**

1. The Rules of Procedure for the Management Board of Grupa Azoty Spółka Akcyjna sets out the principles of operation of the Company's Management Board, the procedures to be followed by the Management Board in managing the Company's affairs, as well as the procedures and rules governing the adoption of resolutions by the Management Board.
2. In these Rules of Procedure, the following terms shall have the following meanings:
  - 1) "Company" shall mean Grupa Azoty Spółka Akcyjna of Tarnów,
  - 2) "Management Board" shall mean the Management Board of the Company,
  - 3) "Supervisory Board" shall mean the Supervisory Board of the Company,
  - 4) "General Meeting" shall mean the General Meeting of the Company,
  - 5) "Articles of Association" shall mean the Articles of Association of the Company,
  - 6) "President" shall mean the President of the Company's Management Board,
  - 7) "Resolution" shall mean a resolution of the Company's Management Board,
  - 8) "Rules of Procedure" shall mean these Rules of Procedure for the Management Board of Grupa Azoty Spółka Akcyjna.

### **Section 2**

1. The Management Board is the Company's executive and managing body conducting all of the Company's affairs not reserved by law or by the Articles of Association for the General Meeting or the Supervisory Board, and representing the Company in relations with third parties.
2. The powers and duties of the Management Board and its members are set out in the Polish Commercial Companies Code and other laws, in particular the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005, the Act on Trading in Financial Instruments of July 29th 2005, and the Company's Articles of Association, as well as the Company's other internal regulations, including these Rules of Procedure, and in any other regulations applying to the Company.
3. As part of the division of roles between the Management Board members, the powers and responsibilities for the supervision of individual organisational areas within the Company are determined on a case-by-case basis by the Management Board by way of a resolution.

### **Section 3**

1. The methods for appointment of the Management Board members are specified in the Articles of Association.
2. The Management Board shall consist of no more than seven persons, including President, Vice-Presidents and other members. The number of Management Board members shall be defined by the governing body that appoints the Management Board.
3. Contracts with members of the Management Board shall be executed on the Company's behalf by the Supervisory Board or its authorised member. Other legal transaction between the Company and a member of the Management Board shall be executed in the same manner.

### **Section 4**

These Rules of Procedure shall be binding also upon the Company's commercial proxies and attorneys-in-fact appointed to represent the Company in legal transactions related to its business.

## **RULES OF REPRESENTATION AND MANAGEMENT OF THE COMPANY'S AFFAIRS**

### **Section 5**

1. All members of the Management Board have the obligation and the right to jointly manage the Company's affairs.
2. The Management Board may delegate the day-to-day management of certain matters at the Company by granting powers of attorney in line with Section 7 of these Rules of Procedure.
3. Each member of the Management Board shall manage the Company' affairs in line with the division of management powers set out in Section 2.3. Notwithstanding the above, each member of the Management Board shall have the right and the obligation to act beyond the assigned scope of powers if the Management Board member competent for a given task cannot perform it or if the best interest of the Company so requires.
4. Each member of the Management Board shall have the right to ask for information on actions taken by other Management Board members.
5. Each member of the Management Board shall submit to the Supervisory Board and to members of the Supervisory Board's Audit Committee, as well as to individual members

of the Supervisory Board delegated to perform individual supervisory activities, all of the Company's documents and reports, and shall provide the Supervisory Board members and persons designated by them with exhaustive and reliable information and explanations regarding, in particular, the Company's position and assets.

6. The scope of responsibilities of the President of the Management Board shall also include:
  - 1) coordinating the Management Board's work,
  2. submitting reports on behalf of the Company's Management Board and presenting motions on matters which require a resolution of the Company's other governing bodies.
  - 3) representing the Management Board at the General Meeting and before the Supervisory Board,
  - 4) convening, opening and chairing Management Board meetings.
7. If need be, the President of the Management Board shall designate, on a case-by-case basis, his/her substitute from among the other Management Board members.
8. Management Board members shall be subject to restrictions regarding their engagement in competitive activities and membership of other entities' governing bodies, pursuant to the Commercial Companies Code and other generally applicable laws and regulations.

#### **Section 6**

1. Submission of declarations on the Company's behalf shall require joint action by two Management Board members or one Management Board member and a commercial proxy. In the case of a one-member Management Board, the Company shall be represented by the sole member of the Management Board. The above provisions shall not exclude the possibility of appointing a commercial proxy authorised to act individually.
2. If declarations made on behalf of the Company are submitted in documentary form, they should be submitted in a manner which makes it possible to determine that a given declaration was submitted by persons authorised to represent the Company in accordance with the rules of representation from time to time in force at the Company.
3. Written declarations on behalf of the Company shall be made by placing signatures on the document containing the declaration in accordance with the rules of representation from time to time in force at the Company.

4. A declaration in electronic form shall require a secure electronic signature verifiable by means of a valid qualified digital certificate. If the nature or content of a legal relationship to which the Company is or is to become a party allows the Company to submit declarations by e-mail without an electronic signature verified by a valid qualified digital certificate, the content of such declaration may be submitted by the Company's representatives in the form of a scanned document signed in accordance with the rules of representation from time to time in force at the Company or by sending an identical declaration by the Company's representatives, also by „forwarding” the received declaration by e-mail.
5. A declaration submitted in any form other than in writing shall be printed out and archived in accordance with the rules applicable to the Company's other documents.
6. If a Management Board member or commercial proxy is required to submit a declaration in order to protect the Company's interest but this would require acting beyond the assigned scope of powers or rules of representation, the Management Board member or commercial proxy shall, after submitting such a declaration, immediately report it to the Management Board in order to have the declaration confirmed by the Management Board. The confirmation shall be made in the form of a Management Board Resolution.

#### **Section 7**

1. Powers of attorney to act on the Company's behalf shall be granted by Resolution of the Management Board. This provision shall not apply to powers of attorney to represent the Company in court proceedings, which may be granted in accordance with the rules of representation from time to time in force at the Company.
2. A commercial proxy shall be appointed by unanimous Resolution of all members of the Management Board. The Management Board shall grant commercial power of proxy at a meeting attended by all Management Board members. It should follow from the Minutes of the Management Board's meeting that each Management Board member approved the grant of commercial power of proxy and voted for the relevant resolution. It is also possible to grant a power of proxy by adopting a resolution using means of distance communication, as well as in writing.
3. Powers of attorney, save for powers of attorney to represent the Company in court proceedings, shall be revoked by Resolution of the Management Board.
4. Commercial powers of proxy may be revoked by any member of the Management Board. A member of the Management Board who has exercised his right to revoke a commercial power proxy shall inform the President of the Management Board thereof,

and the President of the Management Board shall immediately notify the remaining members of the Management Board. At the next meeting of the Management Board, a member of the Management Board who revoked the proxy shall present the rationale for such revocation to the remaining members of the Management Board.

### **Section 8**

1. Statements addressed to the Company and any documents delivered even to a single member of the Management Board or to the Company's commercial proxy shall have full legal effect with respect to the Company.
2. If a statement received by the Management Board member or the commercial proxy may, in their opinion, give rise to a disclosure obligation on the part of the Company, the Management Board member or, as the case may be, the commercial proxy, shall immediately take action to meet this obligation in a timely manner.
3. When receiving a statement or a letter, each eligible person shall sign an acknowledgement of receipt, specifying the date of receipt. Each statement received by a member of the Management Board or commercial proxy shall be immediately forwarded to the relevant member of the Management Board or to the Company's organisational unit which provides assistance to the Management Board, while ensuring that the content of the statement is made available to the relevant persons.

## **RULES FOR ADOPTION OF RESOLUTIONS BY THE MANAGEMENT BOARD**

### **Section 9**

1. The Management Board shall pass resolutions on its own and shall be liable for its resolutions.
2. Any matters outside the ordinary course of the Company's business shall require a Resolution of the Management Board. This applies, in particular, to any matters specified in the Articles of Association and these Rules of Procedure, as well as to:
  - 1) adoption of the Group's consolidated financial statements,
  - 2) approval of donation rules and making donations,
  - 3) joining any organisations by the Company,
  - 4) making decisions on matters relating to and required under the Collective Bargaining Agreement,
  - 5) defining the remuneration rules and work rules,
  - 6) defining policies for individual areas of the Company's activities,

- 7) convening the General Meeting and defining its agenda.
3. Any Management Board member may also demand a resolution on any matters concerning the Company. The President of the Management Board may not refuse to put such a matter to vote. The President of the Management Board may require that the members who demand passing a particular Resolution present a rationale for that resolution to the other members of the Management Board so that they are able to thoroughly analyse the matters subject to that resolution.
4. A Resolution shall also be required if any of the Management Board members objects to the performance of a particular action.

### **Section 10**

1. Management Board Resolutions shall be adopted at Management Board meetings or using means of distance communication, provided that the technical means used to hold such meeting enable all participants at least to simultaneously hear one another and to directly address each of the remaining members taking part in the discussion (e.g. a conference call or videoconference).
2. If it is not possible to hold a meeting or pass a resolution using means of distance communication as referred to in Section 10.1, the President of the Management Board may decide that the resolution be passed by circulation, subject to the provisions of Section 11.
3. Management Board Resolutions shall be adopted by an absolute majority of votes. An absolute majority of votes shall mean more affirmative votes cast than the aggregate of negative and abstaining votes. In the event of a tied vote (the number of affirmative votes equals the aggregate of negative and abstaining votes), the President of the Management Board shall have the casting vote.

### **Section 11**

1. When making a decision that a resolution must be adopted by circulation, the President of the Management Board shall provide all Management Board members and Supervisory Board members authorised to independently perform supervisory duties with the draft resolution, documents containing grounds for adoption of the resolution, as well as with the reasons for adopting the resolution by circulation, by courier mail or (if the Management Board member concerned has given his/her prior written consent) by electronic mail.
2. If the Management Board adopts a resolution by circulation, the resolution is considered adopted when all members of the Management Board have signed it,

specifying their vote (affirmative, negative or abstaining). A Management Board member who does not participate in the vote shall indicate his/her non-participation in the resolution document, giving the reasons for such non-participation. Such a vote is considered uncast.

3. Upon adoption of a resolution by circulation, the President of the Management Board shall notify all Management Board members thereof by e-mail or text message.
4. Resolutions adopted pursuant to Section 11.1 shall be presented at the next Management Board meeting, together with the results of the vote.

### **Section 12**

1. The Company's Management Board shall implement its own resolutions, as well as the resolutions adopted by the Supervisory Board and the General Meeting, on an on-going basis.
2. The President of the Management Board, supported by the organisational unit which provides assistance to the Company's governing bodies, shall control the implementation of resolutions passed by the Company's Management Board, Supervisory Board and General Meeting on an on-going basis.

## **ORGANISATION OF THE MANAGEMENT BOARD'S WORK**

### **Section 13**

1. The President of the Management Board shall convene Management Board meetings on his/her own initiative or at the request of a member of the Management Board or of the Supervisory Board, and shall set the agenda and chair the meetings. In the event of his/her absence, these activities shall be performed by a member of the Management Board appointed by the President of the Management Board. This provision shall apply accordingly to all provisions of these Rules of Procedure which set forth the powers of the Management Board President to convene, open and chair meetings of the Management Board.
2. If the President of the Management Board fails to convene a Management Board meeting within five days of receiving a request to convene such meeting from another Management Board member, the meeting may be convened by the Management Board member who submitted the request, or by the Supervisory Board.
3. Management Board meetings shall be held as needed, however not less frequently than every two weeks.



4. Meetings of the Management Board shall be held at the Company's registered office or any other venue specified in the notice convening the meeting.
5. A Management Board meeting shall be convened not later than two business days before its due date. In cases of urgency, this period may be shortened, provided that all Management Board members are able to attend the meeting or agree to the meeting being held in their absence.

#### **Section 14**

Management Board members shall provide to the organisational unit which provides assistance to the Management Board, in writing, the e-mail address, telephone number and fax number to which notices of Management Board meetings may be sent, as well as information on any change thereof. The organisational unit which provides assistance to the Management Board shall record the above-mentioned information in a relevant register. Notices sent to the most recent addresses/numbers provided by the Management Board members in a manner specified in these Rules of Procedure shall be considered effectively delivered, and such Management Board members are deemed to have been duly notified of the meeting being convened.

#### **Section 15**

1. The agenda referred to in Section 13.1 shall be set based on proposals submitted by individual members of the Management Board or by the entity requesting the calling of a Management Board meeting. Materials attached to proposals submitted for consideration should be complete and up to the standards adopted at the Company.
2. When convening a Management Board meeting, the President of the Management Board or any other entity authorised to convene a Management Board meeting shall ensure that the persons entitled to participate in the Management Board meeting have received all information and materials necessary to make informed decisions concerning the resolutions that are to be adopted at the Management Board meeting.

#### **Section 16**

1. Management Board meetings may also be held without being formally convened, provided that all Management Board members are present and none of them objects to the meeting being held.
2. Notices of Management Board meetings or of adoption of resolutions in the manner described in Section 10 may be sent using the means of communication indicated by a member of the Management Board in accordance with Section 14.

3. The Management Board shall have the capacity to hold meetings and pass resolutions provided that more than 50% of the incumbent Management Board members are present at the meeting or take part in the voting referred to in Section 10, and all members of the Management Board have been duly notified of the meeting or of the voting.
4. Any steps related to excusing the absences and releasing other Management Board members from the obligation to participate in Management Board meetings shall be taken by the President of the Management Board.
5. The Management Board meetings may be attended by Supervisory Board members authorised to independently perform supervisory duties and delegated by a group of shareholders voting in a separate block or by the Supervisory Board, as well as any other persons invited by the Management Board, including the Presidents of the Management Boards of key subsidiaries or other persons invited by the Management Board without the right to vote.

#### **Section 17**

1. Meetings and Resolutions of the Management Board shall be recorded in the minutes. The minutes shall be drawn up by a minute taker appointed to provide assistance to the Management Board.
2. For the purpose of drawing up the minutes, a Management Board meeting or a voting on any Resolution may be recorded, provided that none of the Management Board members objects thereto. After signing the minutes of the meeting in accordance with Section 17.3, the organisational unit which provides assistance to the Company's governing bodies shall immediately delete the recording.
3. The minutes should contain, as a minimum:
  - 1) the successive number in the financial year,
  - 2) the date, time and place of the meeting,
  - 3) a statement that all Management Board members have been duly notified of the meeting or of voting on the Resolution,
  - 4) the procedure for adopting the Resolution,
  - 5) the proposed and approved agenda,
  - 6) full names of all Management Board members who take part in the meeting or the voting,
  - 7) full names of other persons who take part in the Management Board meeting,
  - 8) full name of the person drawing up the minutes,
  - 9) full text of the Resolutions adopted,

- 10) the number of votes cast on the resolutions adopted at the meeting, including the number of votes cast on individual resolutions (including affirmative, negative and abstaining votes),
  - 11) any dissenting opinions and objections against the adoption of Resolutions,
  - 12) signatures of all members of the Management Board present at the meeting or taking part in the voting,
  - 13) signature of the person drawing up the minutes.
3. The minutes should be signed by the members of the Management Board present at the meeting or taking part in the voting at the end of the meeting or at the next Management Board meeting. Members of the Management Board who were absent from the meeting or did not participate in the voting shall sign the minutes to confirm that they have read the minutes or the voting results.
  4. A dissenting opinion should be recorded directly after the record of the matter to which it refers and shall require a written statement of reasons; a dissenting opinion should be signed by the person by whom it was submitted.
  5. The fact that a person has cast a vote against a resolution or submitted a dissenting opinion shall not entitle that person to refuse to sign the minutes or the resolution.
  6. All minutes shall be kept by the organisational unit responsible for providing assistance to the Company's governing bodies, which in accordance with the adopted Organisational Rules provides assistance to the Management Board.
  7. Minutes of Management Board meetings and Resolutions adopted by the Management Board shall constitute the Company's business secret. Notwithstanding the above, the Management Board may assign them with an appropriate confidentiality clause pursuant to the applicable regulations on classified information.

### **Section 18**

In the event of an actual or potential conflict between the interests of the Company and those of a Management Board member, their spouse, persons related to them through blood or marriage in the first or second degree, or any persons to whom the Management Board member is personally related, the Management Board member concerned shall inform the Management Board of that conflict and shall refrain from participation in deciding on a given matter, and may request that the fact be recorded in the minutes.

### **Section 19**

1. The Management Board meeting may pass resolutions on matters placed on the agenda as well as on other matters provided that all Management Board members attend the meeting and none of them raises an objection.
2. If not all Management Board members are present at the Management Board meeting, the proposed agenda may only be changed after the chairman of the Management Board meeting obtains, when approving the meeting's agenda, the consent of the Management Board members absent from the meeting by means of distance communication.
3. The contents of adopted resolutions should include:
  - 1) the number of the resolution, together with an indication of the financial year in which it was adopted,
  - 2) date of adoption,
  - 3) a brief description of the matter to which the resolution refers ("on..."),
  - 4) legal basis,
  - 5) the resolution of a given matter, the decision made, etc.,
  - 6) the persons obliged to implement the resolution, as necessary,
  - 7) the implementation deadline for the resolution, as necessary,
  - 8) the effective date of the resolution,
  - 9) information that the resolution was adopted by circulation or by means of distance communication (if applicable),
  - 10) the signature of the chairman of the meeting and signatures of all other Management Board members attending the meeting or taking part in the voting.
4. Appendices to Resolutions shall include the following note: "Appendix [No. ...] to the Management Board's Resolution No. .../... of ...".

### **Section 20**

If a Management Board meeting is attended by Supervisory Board members delegated to individually perform supervisory duties, who under the Commercial Companies Code are authorised to take the floor at Management Board meetings acting in advisory capacity, the minutes shall indicate if and how this right was exercised by such a Supervisory Board member attending the meeting.

## **MISCELLANEOUS**

### **Section 21**

1. The President of the Management Board shall be authorised to handle the communication of all information between the Management Board and third parties, and may delegate this authority to another member of the Management Board or the person managing the organisational unit which provides assistance to the Company's governing bodies.
2. Copies of or excerpts from the minutes, as well as copies of resolutions passed by the Management Board shall be provided to the Management Board members and the organisational units responsible for implementing adopted resolutions or Management Board's decisions.

### **Section 22**

Any matters not provided for in these Rules of Procedure shall be governed by the Company's Articles of Association and the Company's Organisational Rules, as well as the Commercial Companies Code.

### **Section 23**

These Rules of Procedure may be amended by resolution of the Management Board upon submission of a written request and placing it on the agenda of the Management Board meeting, and upon approval of such amendments by the Supervisory Board.

### **Section 24**

These Rules of Procedure shall enter into force on the date of their approval by the Company's Supervisory Board.

**President of the Management Board**

**Members of the Supervisory Board**