

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF GRUPA AZOTY S.A.

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I.

General provisions

Section 1

1. The remuneration policy stipulated in this document (the “**Remuneration Policy**”) defines the rules and terms of remuneration for members of the Management and Supervisory Boards of Grupa Azoty S.A. within the meaning of the Act on Rules of Remunerating Persons Managing Certain Companies of June 9th 2016, as well as the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005. Implementation of this Policy supports and ensures the implementation of the Company’s business strategy, pursuit of the Company’s long-term interests, stability and growth of the Company and increase in its value.
2. For the purposes of this Remuneration Policy:
 - 1) **Company** - shall mean Grupa Azoty S.A. of Tarnów;
 - 2) **Grupa Azoty Group** - shall mean a group of companies within the meaning of Art. 4.14 of the Act on Competition and Consumer Protection of February 16th 2007, consisting of the Company and its subsidiaries;
 - 3) **Group Companies** - shall mean Grupa Azoty Group companies;
 - 4) **Manager(s)** - shall mean a member(s) of the Company’s Management Board;
 - 5) **Supervisor(s)** - shall mean a member(s) of the Company’s Supervisory Board;
 - 6) **Remuneration** - shall mean cash benefits to which a Manager or Supervisor is entitled for serving on the Company’s governing bodies;
 - 7) **Fixed Remuneration** - shall mean the fixed component of the Remuneration, determined at a flat monthly rate;
 - 8) **Variable Remuneration** - shall mean an additional component of the Remuneration, the grant and amount of which shall be determined based on certain conditions defined in accordance with this Remuneration Policy;
 - 9) **Management Objectives** - shall mean the objectives and tasks assigned to each Manager for a given financial year;
 - 10) **Act** - shall mean the Act on Rules of Remunerating Persons Managing Certain Companies of June 9th 2016.

Section 2

1. A Manager shall be remunerated based on a managerial contract concluded between the Company and the Manager for the period of appointment as a Management Board member. A Supervisor may be remunerated based on a supervisory services contract or directly under this Remuneration Policy.
2. The total Remuneration of a Manager shall consist of a fixed component (Fixed Remuneration), representing a monthly base pay, and a variable component (Variable Remuneration), representing additional remuneration payable for the Company’s financial year.
3. The Variable Remuneration shall be of an incentive nature, and its amount shall be defined based on the achievement of the Management Objectives, and thus it is an instrument ensuring implementation of the Company’s business strategy, pursuit of the Company’s long-term interests, stability and growth of the Company and increase in its value.
4. The remuneration of a Manager specified in the contract referred to in Section 2.1 shall also

comprise remuneration for serving as a member of the management or supervisory board of a Group subsidiary. Therefore, a Manager shall not be remunerated separately by the Group's subsidiaries in which the Manager serves at the same time as a management or supervisory board member.

5. The Supervisor's Remuneration shall comprise solely the Fixed Remuneration defined as a fixed monthly amount.
6. A Supervisor delegated by the Supervisory Board to temporarily perform the duties of a Management Board member shall be entitled to monthly remuneration in an amount specified in the Supervisory Board's resolution, which shall not be higher than the amount most recently set for the Manager whose duties the Supervisor is delegated to perform. It shall not be necessary to execute a managerial contract with a Supervisor delegated to temporarily perform the duties of a Management Board member.
7. Neither Managers nor Supervisors shall receive remuneration in the form of financial instruments. Nor shall they be covered by any supplementary pension schemes or early retirement schemes, subject to mandatory provisions of law.

II.

Remuneration and Management Objectives

Section 3

1. The amount (rate) of the monthly Fixed Remuneration for each Manager shall be defined by the Supervisory Board, with the proviso that it shall be between seven times and fifteen times the reference salary within the meaning of the Act.
2. The amount of the monthly Fixed Remuneration of a Supervisor shall be defined as the product of the reference salary and a multiplier of 2.75 (two and seventy-five hundredths). The remuneration thus determined shall be increased by:
 - 1) 10% in the case of the Chairperson of the Supervisory Board,
 - 2) 9% in the case of the Deputy Chairperson of the Supervisory Board,
 - 3) 8% in the case of the Secretary of the Supervisory Board,
 - 4) 9% in the case of the chairpersons of the Supervisory Board standing committees, with the proviso that if a Supervisor is entitled to more than one increase, they shall receive the largest one (no aggregation of the increase rates).
3. Pursuant to the Act, the amount of remuneration payable to Managers and Supervisors shall be defined taking into account the products defined in Sections 3.1 and 3.2 above, without reference to the average remuneration of the Company's employees.

Section 4

1. The Variable Remuneration for a given financial year of serving as a member of the Company's Management Board shall be payable subject to and after approval of the Directors' Report on the Company's operations and the financial statements for that financial year, and grant of discharge from liability to a given Manager in respect of their duties in that financial year.
2. An entitlement to Variable Remuneration for a given financial year shall be subject to prior assignment of the Management Objectives by the Supervisory Board for that financial year and a given Manager's undertaking to perform the assigned objectives in a given financial year.
3. The Variable Remuneration for a given financial year shall depend on and shall be determined pro rata to the achievement of the Management Objectives assigned to individual Managers for

that year; it shall not exceed 100% (one hundred per cent) of the Fixed Remuneration (the **Maximum Remuneration**).

4. The specific Management Objectives for individual Managers for a given financial year, the method of assessing the level of their achievement, including in particular the definition of ratios or indicators reflecting their achievement, method of measuring individual values, weights allocated to each objective and (optionally) a list of documents necessary to prove the achievement of Management Objectives in the financial year and to calculate the amount of Variable Remuneration shall be determined annually by a resolution of the Supervisory Board, in accordance with the rules stipulated in Section 5 of this Remuneration Policy. The Supervisory Board may also adopt rules specifying a detailed procedure and timetable for defining and adopting Management Objectives, as well as for submitting information on their achievement, assessing the achievement level, and determining the amount of Variable Remuneration for a given financial year on this basis (the **Variable Remuneration Rules**).
5. The amount of Variable Remuneration shall be defined by the Supervisory Board based on its assessment of the achievement of the Management Objectives, i.e. by reducing the Maximum Remuneration pro rata to the achievement level of each shared and individual objective, taking into account the weights allocated to each objective. The sum of the weights in percentage terms shall not exceed 100% (one hundred per cent).
6. If a Manager's mandate expires after the end of a financial year, the Manager shall retain the right to Variable Remuneration for that year.
7. Variable Remuneration shall be calculated pro rata to the time of a given Manager's serving as a Management Board member in a given financial year, which means that the Maximum Remuneration for a given financial year shall correspond to the aggregate amount due to the Manager as Fixed Remuneration for such time in that financial year.

Section 5

1. The Management Objectives shall be defined in such a way as to enable assessment of their achievement based on measurable data or economic indicators, taking into account and based on the Grupa Azoty Group's business strategy, the Company's and the Grupa Azoty Group's budgets and long-term plans, ensuring stability of the Company's financial position, social interests, environmental protection, as well as preventing and eliminating adverse social impacts.
2. Management Objectives may include, without limitation:
 - 1) growth of net profit or EBITDA, or a positive change in the growth rate of one of these values;
 - 2) achievement of a specific level, or change of, the production or sales volumes;
 - 3) a specific amount of income, in particular revenue, operating income, other income or finance income;
 - 4) reduction of losses, administrative expenses or operating expenses;
 - 5) implementation of the strategy or restructuring plan;
 - 6) achievement or change of specific ratios or indicators, in particular profitability, financial liquidity, management efficiency or solvency ratios or indicators;
 - 7) implementation of investment projects, taking into account in particular their scale, rate of return, innovation and timeliness of delivery;
 - 8) a change in the Company's market position, measured as its market share or based on some other criteria or the relations with customers/suppliers regarded as key trading partners based on specific criteria;
 - 9) implementation of the HR policy and increased employee engagement;

- 10) reduction of adverse environmental impacts, including emissions of harmful substances;
 - 11) resolution of collective disputes and reduction in the number of disputes with individual employees.
3. The Supervisory Board shall define the following types of Management Objectives:
- 1) **key objectives** – their achievement shall be a precondition for accruing and demanding payment of the Variable Remuneration;
 - 2) **shared objectives** – assigned to all Managers and defined, as a rule, by reference to economic and financial ratios and parameters;
 - 3) **individual objectives** – defined individually for each Manager, taking into consideration their powers and responsibilities in the business area assigned to the Manager in line with the internal division of powers and responsibilities among the Management Board members.
4. Where permitted by their nature, Management Objectives shall be adopted and assessed taking into account and with respect to the Grupa Azoty Group, i.e. as if the Company and the Group Companies were a single entity (one business organisation). This shall in particular apply to the key objectives, with the proviso that in each case, each of the following shall be a separate key objective whose achievement shall be a precondition for a Manager's being eligible to receive the Variable Remuneration, representing additional remuneration payable in respect of the Company's financial year:
- 1) the definition and application of rules for remunerating members of the management and supervisory bodies of subsidiaries, reflecting the relevant rules stipulated in the Act;
 - 2) performance of the obligations specified in Art. 17–20, Art. 22 and Art. 23 of the Act on State Property Management of December 16th 2016.
5. In the Variable Remuneration Rules, the Supervisory Board may reserve the right to suspend evaluation of a Manager's achievement of their Management Objectives and determination of the amount of Variable Remuneration, as well as to defer its payment for reasons related to the Company's particularly material interests, and in particular if, after granting discharge from liability for the financial year for which the Variable Remuneration is to be determined/paid, any material circumstances become known indicating that the Manager has not performed their function (duties) properly, to the detriment of the Company's material interests. The period of such suspension shall not exceed 36 months from the date of the General Meeting approving the financial statements for the year for which the Variable Remuneration is to be paid.
6. In the Variable Remuneration Rules, the Supervisory Board may also specify cases (circumstances) in which, for reasons related to the Company's material interests and a Manager's acts or omissions detrimental to such interests, the right to demand Variable Remuneration may be lost or, as the case may be, the obligation may arise to return Variable Remuneration paid to the Manager prior to disclosure of such circumstances. An entitlement to the Variable Remuneration shall not be lost as a result of circumstances which had been made public and been known before the General Meeting passed a resolution to grant discharge from liability for the financial year to which those circumstances relate.

III.

Benefits and additional rights

Section 6

1. If the Company's contract with a Manager is terminated for any reason other than a breach by the Manager of their principal obligations under that contract, the Manager shall be entitled to severance payment equal to 3 (three) times the monthly Fixed Remuneration, provided that the Manager held the position of a member of the Company's Management Board for at least 12 (twelve) months prior to the termination.
2. The Manager shall not be entitled to receive the severance benefit referred to in Section 6.1:

- 1) if the Manager has resigned as a member of the Company's Management Board;
- 2) when, despite the termination of the contract, the Manager continues to serve as member of the Company's Management Board under a different contract, or continues or begins to serve as a member of the management board of a Group Company;
- 3) in other circumstances, as indicated in the contract.

Section 7

1. A Manager may also be entitled to compensation for refraining from engaging in competing activities if a relevant non-competition agreement has been concluded between the Company and the Manager upon the Manager's ceasing to hold the office. A non-competition agreement may not be concluded after termination of the managerial contract.
2. The entitlement referred to in Section 7.1 shall in each case be subject to the requirement that the Manager has served as member of the Management Board for at least 3 (three) months.
3. The non-competition period shall not be longer than 6 (six) months as of the Management Board member's ceasing to hold the office. The non-competition agreement shall lose its force before the expiry of that period if the Manager becomes a member of a governing body of another company within the meaning of Art. 1.3.7 of the Act on Rules of Remunerating Persons Who Manage Certain Companies.
4. The amount of compensation payable to the Manager for each month of the non-compete obligation shall not be higher than 100% of the monthly Fixed Remuneration received for the last full month before the Management Board member's ceasing to hold the office.
5. The non-competition agreement referred to in Section 7.1 should stipulate the Company's right to demand that the Manager pay the Company a contractual penalty equal to or higher than the compensation due for the entire non-competition period if the Manager fails to perform or properly perform the agreement.

Section 8

1. The Company may provide the Manager with equipment and technical devices, being the Company's property, necessary to perform the duties of a Management Board member, including:
 - 1) a business car of a standard suitable for a Management Board member,
 - 2) a mobile telephone,
 - 3) a portable computer with accessories,
 - 4) accommodation at the locations where the managerial are performed.
2. The Company may enter into insurance agreements covering damage or losses suffered by it as a result a Manager's or Supervisor's failure to properly perform their duties.
3. The Company's Supervisory Board may define detailed rules, including limits or a method for defining limits of costs incurred by the Company in connection with the activities referred to in Sections 8.1 and 8.2.
4. The Supervisory Board may also define rules for a Manager's use of Company assets for private purposes against consideration.
5. The Managers and Supervisors shall be entitled to reimbursement of reasonable expenses they may incur to protect or promote the Company's interests, to the extent this relates directly to their position on the Management or Supervisory Board, in accordance with the general rules applicable at the Company. This shall primarily apply to the reimbursement of cost of business travel, including to/from the place(s) where meetings are held or other management or supervisory

activities are performed.

IV.

Legal relationship between the Company and members of its governing bodies

Section 9

1. The Company shall enter into a managerial contract with a Manager for the duration of the Manager's term of office (mandate) as member of the Company's Management Board; the contract shall stipulate that the management services shall be performed by the Manager personally, irrespective of whether they are performed as part of the Manager's business activities.
2. The wording of the contract shall be determined by the Supervisory Board, taking into account the provisions of the Act, the Company's Articles of Association and the provisions of this Remuneration Policy.
3. The contract referred to in Section 9.1 shall provide for its early termination, with effect from the end of a calendar month and subject to the following notice periods:
 - 1) one month – if the Manager has held the position for less than 12 months,
 - 2) two months – if the Manager has held the position for 12 months or more, but not more than 24 months,
 - 3) three months – if the Manager has held the position for more than 24 months.
4. The contract referred to in Section 9.1 shall also provide for the Company's right to terminate it early with immediate effect in the event of the Manager's material breach of its provisions.
5. The contract shall oblige the Manager to notify the Company of the Manager's intention to hold a position on a governing body of another commercial company or acquisition of shares or other interest in such company. The contract may also prohibit the Manager from holding positions on governing bodies of any other commercial company and may impose other restrictions on the Manager's activity outside the Company.
6. The Supervisory Board shall be authorised to define the prohibitions and restrictions referred to above, obligations to report on compliance with such prohibitions and restrictions, and sanctions for failure to duly comply therewith.

Section 10

1. The Supervisors shall be appointed for a joint three-year term of office in accordance with the rules laid down in the Company's Articles of Association. The Company may enter into a supervisory services contract with a Supervisor for the duration of their term of office (mandate) as member of the Company's Supervisory Board. If this is the case, the provisions of Sections 9.2 and 9.3 shall apply accordingly.
2. If a contract referred to in Section 10.1 is not concluded, the substance of the legal relationship between the Company and a Supervisor shall be governed by the relevant provisions of the Commercial Companies Code, the Company's Articles of Association and resolutions of the Company's General Meeting. A corporate relationship shall continue until the end of the term of office (mandate) of a member of the Company's Supervisory Board.
3. As regards procedural matters, including compliance with OHS regulations, fire safety, personal data protection, business secret protection. etc., a Supervisor shall comply with internal regulations applicable at the Company and issued by the Company's Management Board.

V.

Miscellaneous

Section 11

1. Prevention of conflicts of interest with respect to remuneration of the Company's Managers and Supervisors shall be ensured by the division of powers and responsibilities as regards definition of the remuneration amounts and by the requirement to determine the remuneration in strict compliance with the provisions of this Remuneration Policy and the Variable Remuneration Rules.
2. If a possible conflict of interest in any area governed by this Remuneration Policy is identified, the fact shall be promptly reported by each Manager to the Chairperson of the Company's Supervisory Board and by each Supervisor to the President of the Company's Management Board.
3. If a report referred to in the preceding paragraph is received, the Company's Supervisory Board or the Management Board, as the case may be, shall initiate a procedure to update this Remuneration Policy in order to eliminate or prevent the identified conflict of interest.

Section 12

1. Definition of this Remuneration Policy and any amendments hereto shall be initiated by the Company's Supervisory Board, supported by the Company's relevant functions, including with respect to legal assistance. This shall be without prejudice to the General Meeting's powers to adopt or amend the Remuneration Policy, also without prior initiative of the Supervisory Board.
2. This Remuneration Policy should be updated at least every four years. Any material amendment to this Remuneration Policy shall be adopted by the General Meeting by way of resolution.
3. The Supervisory Board shall monitor whether this Remuneration Policy needs to be updated, and if any need for amendments is identified it shall adopt a relevant proposal and submit it so that the amendment can be adopted by resolution of the Company's General Meeting.
4. The Supervisory Board shall draw up an annual remuneration report providing a comprehensive overview of the remuneration, including all benefits, in whatever form, received or due to individual Managers and Supervisors in the previous financial year in accordance with this Remuneration Policy.

Section 13

1. Where necessary for furthering the Company's long-term interests and ensuring its financial stability or viability, the Supervisory Board may decide to temporarily waive this Remuneration Policy. Such a decision may be made in the event of:
 - a change in the legal framework governing remuneration of members of the management board and members of the supervisory board of state-owned companies,
 - permanent discontinuation or material limitation of the Company's operations caused by circumstances that cannot be prevented,
 - opening of restructuring, liquidation or similar proceedings of a restructuring nature.
2. This Remuneration Policy shall be waived by resolution of the Supervisory Board, which shall define the substantive and temporal scope of the waiver.
3. Waiver of all or any of the provisions of this Remuneration Policy may not result in non-compliance with the Act or any other mandatory laws.

Section 14

1. This Remuneration Policy takes into account the Company's existing rules of remunerating members of the Management Board and Supervisory Board and complements the regulations on the remuneration of Managers and Supervisors with respect to:
 - 1) extending the criteria for granting and determining the amount of variable remuneration components to include criteria related to social interests, the company's contribution to environmental protection, and taking measures to prevent and eliminate adverse social impacts of the company's operations;
 - 2) indicating how this Remuneration Policy, and in particular the criteria (management objectives) for granting and determining the amount of Variable Remuneration, should contribute to ensuring implementation of the Company's business strategy, long-term interests, stability, development and value growth;
 - 3) ensuring that the method of calculating the achievement of the criteria (management objectives) for granting and determining the amount of variable remuneration components is regulated by a resolution of the General Meeting;
 - 4) expressly empowering the Supervisory Board to adopt the Variable Remuneration Rules;
 - 5) indicating:
 - a) how the terms of service and remuneration of Company employees other than members of the Management Board and Supervisory Board are taken into account in determining the remuneration of the Managers,
 - b) the decision-making process for establishing, implementing and reviewing this Remuneration Policy,
 - c) measures to ensure that conflicts of interest relating to this Remuneration Policy are avoided or managed,
 - d) the Company's right to discontinue granting or paying and to demand return of Variable Remuneration;
 - e) benefits for the Supervisors other than Remuneration, such as reimbursement of travel expenses;
 - f) the nature and stability of the legal relationship between the Company and members of its governing bodies

