

**REPORT FOR THE ANNUAL GENERAL MEETING
FOR THE PERIOD JANUARY 1st 2015 TO DECEMBER 31st 2015
ON THE ASSESSMENT OF THE COMPANY'S POSITION
ITS INTERNAL CONTROL,
RISK MANAGEMENT, COMPLIANCE, AND INTERNAL AUDIT FUNCTION**

**I.
ASSESSMENT OF THE COMPANY'S POSITION**

The table below presents the key financial data for 2015, comparative data for 2014, and the 2015 plan.

PLN '000	2015	2014	2014/2015 change	2015 plan	2015 actual vs. plan
Revenue	1,776,651	1,847,250	-70,599	1,846,308	-69,657
EBIT	6,123	-29,243	35,366	-25648	31,771
EBITDA	97,264	62,510	34,754	67,482	29,782
Net profit/(loss)*	210,883	214,633	-3,750	156,929	53,954

A detailed assessment of the Company's position is presented in the report of Grupa Azoty S.A.'s Supervisory Board on the assessment of the Company's separate financial statements for 2014 and the Directors' Report on the operations of Grupa Azoty S.A. in 2015.

**II.
ASSESSMENT OF THE INTERNAL AUDIT SYSTEM**

Internal control procedures

The internal control procedures are set out in the *Organisational Rules*, implemented under Internal Order No. 21/2014 of May 16th 2014 (*Section V.6 'Internal audit and control system'*), and in the *Internal Control Rules* (attached as an appendix to Internal Order No. 36/2005 of October 28th 2005).

Pursuant to the *Internal Control Rules*, internal control covers all aspects of the Company's activities – all functional and economic areas including technical, production-related, economic, financial, organisational, administrative, HR-related and other aspects of the operation of organisational units, and particularly matters referred to in employee complaints and observations by employees and by persons responsible for internal control.

Information Policy

On February 3rd 2012, in accordance with the provisions of the Personal Data Protection Act of August 29th 1997 (Dz.U. of 2002 No. 101, item 926, as amended) and the provisions of the Regulation of the Minister of Internal Affairs and Administration, dated April 29th 2004, on the documentation of personal data processing and technical and organisational conditions to be met by IT hardware and systems supporting personal data processing (Dz.U. of 2004, No. 100, item 1024), the Information Security Policy for the Grupa Azoty Group (Internal Order No. 8/2012) and the related Rules of Procedure for Handling Information Security Incidents (appendix to Internal Order No. 53/2012) were adopted for use at the Company and the Grupa Azoty Group.

Also, a uniform disclosure and confidential information protection policy was implemented at the Grupa Azoty Group (Internal Order No. 43/2013 of October 21st 2013), while Grupa Azoty S.A. adopted 'Confidential information protection guidelines' (Internal Order No. 63/2013 of December 31st 2013).

Preparation of financial statements

The internal control of the process of preparing the Company's financial statements is governed by the applicable procedures and internal orders (Internal Order No. 32/2013 dated September 4th 2013 - Accounting Policies Applicable at the Grupa Azoty Group and Grupa Azoty S.A. and Internal Order No. 5/2014 dated February 10th 2014 - Changes to Accounting Policies Applicable at the Grupa Azoty Group and Grupa Azoty S.A.). Financial statements are prepared by financial and accounting staff supervised by the Chief Accountant, and the final wording of the statements is approved by the Company's Management Board. Following the approval, financial statements are audited by an independent statutory auditor selected by the Company's Supervisory Board.

III.

ASSESSMENT OF RISK MANAGEMENT

Corporate risk management

Management Board Resolution No. 729/IX/2014 of September 3rd 2014 established the position of Group Risk Manager, whose remit covers Group-wide enterprise risk management, identification of potential risk events, risk assessment, risk response, enterprise risk management monitoring, and integration of the enterprise risk management function with the control systems in place.

Under Management Board Resolution No. 754/IX/2014 of October 21st 2014 a Risk Management Steering Committee was established, consisting of:

1. President of the Management Board, Grupa Azoty S.A. - Chairman
2. Risk Manager - Deputy Chairman
3. Risk Management Coordinator (Management Systems Corporate Office - Grupa Azoty) - Secretary
4. Management Board Representative for Management Systems - Head of the Management Systems Corporate Office (Grupa Azoty S.A.) - Committee Member
5. Head of the Corporate Internal Audit Office, (Grupa Azoty S.A.) - Committee Member
6. Risk Management Coordinators from Grupa Azoty Zakłady Azotowe Puławy S.A., Grupa Azoty Zakłady Chemiczne Police S.A., and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. - Committee Members

By virtue of the Management Board Resolution No. 99/X/2015 of July 14th 2015, persons responsible for Enterprise Risk Management at Grupa Azoty Zakłady Azotowe Puławy S.A., Grupa Azoty Zakłady Chemiczne Police S.A., and Grupa Azoty Zakłady Azotowe Kędzierzyn

S.A. joined in the Risk Management Steering Committee.

Following the change, the Risk Management Steering Committee is composed of:

1. President of the Management Board, Grupa Azoty S.A. – Chairman
2. Risk Manager (Grupa Azoty S.A.) - Deputy Chairman
3. Risk Management Coordinator (Management Systems Corporate Office - Grupa Azoty S.A.) - Secretary
4. Management Board Representative for Management Systems - Head of the Management Systems Corporate Office (Grupa Azoty S.A.) - Committee Member
5. Head of the Corporate Internal Audit Office, (Grupa Azoty S.A.) – Committee Member
6. Head of the Internal Audit and Risk Management Department (Grupa Azoty Zakłady Azotowe Puławy S.A.) - Committee Member
7. Head of the ZSD Systems Documentation Department (Grupa Azoty Zakłady Chemiczne Police S.A.) - Committee Member
8. Head of the Internal Audit and Risk Management Office (Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.) - Committee Member
9. Risk Management Coordinators from Grupa Azoty Zakłady Azotowe Puławy S.A., Grupa Azoty Zakłady Chemiczne Police S.A., and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. – Committee Members

By virtue of the Management Board Resolution No. 816/IX/2015 of January 8th 2015, the management system procedure “PR-1 - Integrated Enterprise Risk Management at Grupa Azoty” was approved, and subsequently distributed among the subsidiaries.

The procedure defines the objective, subject matter, and scope of regulations in place at Grupa Azoty with respect to enterprise risk management, the scope of responsibilities of individual entities participating in the process and key assumptions underlying the activities performed as part of it.

Risks are identified, assessed and reported on an ongoing basis, while the entire documentation is updated once a year, from September 1st to November 15th, to reflect current information on risks in the processes of:

- preparing operational plans and budgets for the following year,
- preparing annual internal audit plans for the following year,
- preparing plans and schedules of internal audits of management systems,
- preparing information on risks for the purposes of preparation of annual Directors’ Reports of the Grupa Azoty companies.

Risks may be identified and assessed more frequently if significant changes occur in the business environment of Grupa Azoty or a given Group company or if their goals or needs so require.

Enterprise Risk Management comprises the following:

- risk identification (analysis of information on risks, performing surveys using risk identification questionnaires, compilation of survey results, consultations with Company employees);
- identification of risk ownership;
- assessment of risks in each Group company for their impact and likelihood of occurrence. These elements are assessed separately using a five-grade scale, as defined in the risk matrix;
- update of the Risk Register and Map - calculating ‘priority’ for individual risks, which equals the product of impact and likelihood of occurrence of a given risk. The updated Risk Register,

Key Risk Map, and Key Risk List of each Group company is subject to approval by the respective management board, and then provided to the Risk Manager, who aggregates the documentation for final approval by the Grupa Azoty Management Board. The documents (the individual companies' and Grupa Azoty's Risk Register, Key Risk Map, and Key Risk List) thus approved are used by the Grupa Azoty companies' Internal Audit Office and Internal Audit Teams in the preparation of Annual Plan of internal audits for the companies and the Group;

- definition and deployment of risk response measures and incident management plans;
- monitoring and reporting of risk levels (risk measurement - defining Key Risk Indicators [KRI]) and their thresholds, monitoring of the indicators and communicating them within the organisation);
- use of information on risks in decision-making processes;
- reporting and communication (periodic reporting, ad hoc reporting, information on risks for the purposes of preparation of reports on the operation of the Group companies' management boards),
- monitoring and evaluation of the risk management system.

On November 3rd 2015, the Company's Management Board approved "Results of periodic reviews of the risk register of Grupa Azoty S.A., performed in 2015", and on November 30th 2015, the Management Board approved the document "Grupa Azoty's Key Risks - Aggregated results of periodic review of risk registers at the Grupa Azoty companies, performed in the period September–November 2015". The document was presented to the Audit Committee at its meeting held on February 29th 2016.

The document identified the following key risks for Grupa Azoty:

- risk of higher fertilizers imports (Europe, China, Russia, Africa, America),
- risk of deteriorated supply-demand balance,
- risk of the need to adjust production processes to new legal requirements, including environmental regulations,
- risk related to price and availability of natural gas,
- risks involved in planning and execution of strategic projects,
- risk of major industrial accidents or technical failures disrupting the continuity of processes and operation of key production units,
- risk of a negative effect of CO₂ trading prices on the financial performance,
- currency risk,
- risk related to the structural changes on the global caprolactam and polyamide 6 markets.

Events subsequent to December 31st 2015

On March 1st 2016, the Company's Management Board approved the 2015 report on Enterprise Risk Management at the Grupa Azoty Group. The document was then submitted to the Audit Committee. The document presents and reviews the key risks and functioning of the integrated enterprise risk management system at Grupa Azoty S.A. (including completed tasks, problems faced, and tasks planned for the next year).

In addition to the above-specified risks to which the four largest Group companies (Grupa Azoty S.A., GA Puławy, GA Police and GA ZAK) are exposed, the following risks have also been identified at Grupa Azoty S.A.:

- risk of some shareholders undertaking activities undermining the Company's position,
- risk related to availability and efficiency of capital and other sources of funding,
- risk related to the operation of the power generation system, and
- risk involved in the management of operation of production assets.

Potential effects and likelihood of the risks occurring were also assessed, and the initiatives

undertaken to minimise the risks were presented.

On May 9th 2016, the Company's Management Board approved 2015 Reports on Enterprise Risk Management at the Grupa Azoty Group, submitted to the Company's Supervisory Board and Management Board.

Based on the documentation and principles of enterprise risk management, the Audit Committee analysed the following:

- benchmark profiles used for the assessment of the risks,
- parameters of enterprise risk management ('effect' and 'probability') and the manner of assigning values to those parameters,
- the method of consolidating (transferring) risks from individual companies to the Group level, including formulae for risk recalculation,
- level of generality/detail of the risks analysed,
- adequacy of the aggregated risk register against the risk registers defined at individual companies,
- completeness of the risk register.

As at the date of this Report, work is ongoing on the Enterprise Risk Management system, including in particular the methodology used to develop the risk register and ensure its completeness.

Financial risk management

In 2015, the financial risk management procedures were governed by instructions attached to internal regulations No. 38/2012 (Credit risk management at the Group) and No. 40/2014 (Grupa Azoty Group Financial (Currency and Interest Rate) Risk Management Policy).

The Financial Risk Management Policy defines the objectives, procedures and responsibilities in managing financial risks at the Grupa Azoty Group. The Parent's Management Board is responsible for ensuring that the Financial Risk Management Policy is in line with the Group's strategic objectives. The Policy applies to the Parent, the Leading Companies (Grupa Azoty Zakłady Azotowe Kędzierzyn S.A., Grupa Azoty Zakłady Azotowe Puławy S.A., Grupa Azoty Zakłady Chemiczne Police S.A., Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A.) and their selected subsidiaries. The Policy overrides any other document pertaining to financial risk management that may be in place at the Group.

The document sets out:

- strategy for managing financial risks at the Grupa Azoty Group,
- rules for managing financial risks, including identification, quantification, monitoring, hedging and reporting of financial risks,
- permitted financial risk hedging tools,
- decision-making process related to managing financial risks at the Group,
- general financial risk management standards, tailored to the specific needs of the Group, and their compliance with best practice in the field,
- general rules for organising financial risk-related activities at the Group, including a division of responsibilities that ensures adequate control of the financial risk management activities.

The implemented Financial (Currency and Interest Rate) Risk Management Policy ensures:

- centralised supervision over the financial risk management process,
- monitoring of the Group's consolidated currency exposure,
- determination of the optimal hedging strategy at the Group level,

- Group-wide uniform currency risk management rules,
- uniform catalogue of acceptable and applied hedging instruments.

A Risk Committee has been set up at the Group to ensure effective implementation of the currency risk and interest rate risk management processes. The Committee analyses and determines the consolidated currency exposure of the Group and its leading companies and recommends target levels and horizons of hedges, type of currency instruments and exchange rates for hedge transactions.

The Risk Committee is composed of:

- Vice-President of the Parent's Management Board for Finance,
- Head of the Corporate Finance Department,
- Head of the Parent's Treasurer Office,
- Head of the Parent's Controlling Office,
- Chairman or Deputy Chairman of the Risk Committee and the Treasurer or other designated member of the Risk Committee of each Leading Company.

The credit risk management policy is presented in the Directors' Report on the operations of Grupa Azoty S.A. in the twelve months ended December 31st 2015 (Section 5.10.)

Events subsequent to December 31st 2015

Under internal regulation No. 3/2016 of January 15th 2016, a new Credit Risk Management Instruction at the Grupa Azoty Group was implemented.

IV COMPLIANCE ASSESSMENT

Compliance and Internal Audit are governed by Appendix 4 to the internal regulation No. 46/2014 of December 19th 2014 concerning the Main First- and Second-degree Corporate Business Processes Management Guidelines for Grupa Azoty (VI. Compliance and Audit).

Compliance - process of compliance management at the Grupa Azoty Group focuses on multifaceted compliance and consistency with regulations, standards and rules of procedure, including:

- legal acts,
- rules of procedure developed and generally accepted in commercial transactions (best practices, contract loyalty principle),
- internal standards of an organisation (both of formal and legal nature, such as regulations, procedures, rules of procedure, services books, scope of responsibilities, and general guidelines, such as corporate culture codes, codes of ethics and CSR strategies).

The Compliance and Audit process comprises the following two key sub-processes:

- Compliance management, and
- Internal audit.

The objective of the compliance management sub-process is to mitigate business risk by ensuring compliance of the organisation's activities and operations with the external and internal regulations. The task of the compliance process is to develop a system for managing non-compliance risk. The Compliance process also supports the Management Board in minimising non-compliance risk and thus minimising legal or regulatory penalties, financial losses or loss of reputation, which the organisations might incur if it fails to comply with the applicable legal regulations, generally accepted practice and ethical standards, as well as internal policies and procedures.

In the Compliance and Audit process, the main functions pertaining to corporate management include:

- implementation of corporate tasks relating to the internal audit and compliance process,
- ongoing monitoring and analysis of compliance with legal regulations, industrial standards and best market practices pertaining to the Group's business profile,
- support of the Grupa Azoty Group in the process of ensuring correct and effective functioning of solutions comprising the Group's corporate governance,
- support of the Group in maintaining an effective system of internal control,
- development and implementation of the Group's compliance policy and plan/programme,
- analysis of internal consistency (compliance) of the corporate organisational documentation,
- ensuring the compliance of organisational changes introduced at the Group Companies with external and internal regulations,
- planning and implementation of joint audit tasks, including the development of a long-term and annual audit plans for the Grupa Azoty Group,
- development of the methodology and standard/rules of procedure for internal audit at the Group,
- supervision of the implementation of post-audit recommendations,
- cooperation with external control and regulatory authorities, external auditors, including the financial auditor.

The following documents relate to the Compliance and Audit process:

- Strategy of the Grupa Azoty Group for 2014-2020
- Code of Organisational Culture - The Grupa Azoty Group Organisational and Management System
- Exercise of ownership – corporate governance policy at the Grupa Azoty Group,
- Internal Audit Standards at the Grupa Azoty Group,
- Internal Audit Rules of Procedure for the Group companies,
- Grupa Azoty Group Information Policy,
- Grupa Azoty Group's Code of Ethical Conduct,
- Grupa Azoty Group Corporate Management Policy

Under resolution No. 32/X/2015 of April 8th 2015, the Company's Management Board established the Expert Committee and the Task Team for the preparation of a design of the Compliance process at the Grupa Azoty Group and the Steering Committee for the Compliance and Audit process.

The Steering Committee, jointly with the Task Team, developed milestones for key work on the design for 2016, at the four key companies of the Grupa Azoty Group, including the development and implementation of the "Compliance Management Policy for the Grupa Azoty Group", Standards and Rules of Procedure relating to the Compliance process, as well as preparation of training materials and trainings for the management personnel of the Grupa Azoty Group's key companies.

On January 12th 2016, under Resolution No. 231/X/2016, the Company's Management Board approved the "Compliance Management Policy for the Grupa Azoty Group".

ASSESSMENT OF THE INTERNAL AUDIT FUNCTION

By Internal Order No. 41/2011, an internal audit function was implemented across the Group in December 2011 by establishing the Internal Audit Office, a new organisational unit within the Company's structure which reports directly to the President of the Management Board.

Internal Order No. 13/2014 of March 17th 2014 served to implement the Grupa Azoty Group Internal Audit Standards, which define the remit of the individual internal audit units at the Group and rules for planning their work, as well as procedures for determining the subject matter of global audit tasks (i.e. tasks carried out at all Group companies) in Annual Audit Plans, procedures for conducting the global audit tasks, time limits for preparing periodic reports, and rules for monitoring and evaluating the progress in implementing audit recommendations.

The purpose of Internal Order No. 14/2014 of March 17th 2014 was to approve Grupa Azoty S.A. Internal Audit Rules, developed on the basis of the International Standards for the Professional Practice of Internal Auditing – IIA and rules contained in the document 'Exercise of ownership – corporate governance policy' and Grupa Azoty Group Internal Audit Standards. The Rules lay down audit procedures to be followed by the Corporate Internal Audit Office in carrying out audit tasks at Grupa Azoty S.A., including the methodology for planning, conducting and reporting audit tasks, and monitoring and evaluating the progress in implementing audit recommendations.

In August 2015, the Corporate Internal Audit Office submitted to the Audit Committee a report on the execution of audit-related tasks for the period January-June 2015, and in February 2016 – the annual report on the execution of audit-related tasks for the entire 2015.

Further, in December 2015, the Internal Audit Office submitted to the Audit Committee the *2016 Internal Annual Audit Plan for Grupa Azoty S.A. and Grupa Azoty S.A. Long-Term Internal Audit Plan for 2016–2018*.

The Supervisory Board's Audit Committee appointed in 2016 is currently analysing the rules of operation of the Internal Audit Office, the mechanism used in the preparation of the audit plan and the implemented risk assessment methodology.

V

EXTERNAL INSPECTIONS AND THEIR RESULTS:

Date	Inspecting authority	Organisational unit subject to inspection	Scope	Outcome
Jan 20 2015	County Sanitary Inspector (PPIS)	Power Business Unit – Power Supply and Security Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and mixtures used, 3) assessment of the sanitary and technical conditions of the facilities	No post-inspection decision issued.
Jan 22 2015	National Fire Service (PSP)	Plastics Business Segment - Production Unit in Tarnów – Sulfuric Acid Production Unit and Hydroxylamine Sulfate Plant Division	Inspection of compliance with fire and environmental regulations	No post-inspection decision issued.
Jan 22 2015	Provincial Inspectorate for Environmental Protection (WIOŚ)	Plastics Business Segment - Production Unit in Tarnów	Preparedness for industrial incidents.	A post-inspection ruling including four decisions was issued - the ruling has been implemented.
Jan 29 2015	County Sanitary Inspector (PPIS)	Power Business Unit – Boiler House and Coal Supply Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and mixtures used, 3) assessment of the sanitary and technical conditions of the facilities	No post-inspection decision issued.
Feb 5–10 2015	County Sanitary Inspector (PPIS)	Fertilizers Business Unit – Fertilizers Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and mixtures used, 3) assessment of the sanitary and technical conditions of the facilities	A decision containing one item was issued, with June 16th 2015 as the implementation deadline - implemented.
Feb 12–18 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Lactam Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and mixtures used, 3) assessment of the sanitary and technical conditions of the facilities	A decision containing one item was issued, with May 4th 2015 as the implementation deadline - implemented.
Feb 19–Mar 24 2015	Provincial Agricultural and Food Quality Inspection (WIJHARS)	Fertilizers Business Unit	Proper marketing of fertilizers marked as ‘EC Fertilizer’	No post-inspection decision issued.
Mat 6 2015	County Sanitary	Power Business Unit	1) OHS conditions, 2)	No post-inspection

Date	Inspecting authority	Organisational unit subject to inspection	Scope	Outcome
	Inspector (PPIS)		compliance with regulations applicable to hazardous substances and mixtures used, 3) assessment of the sanitary and technical conditions of the facilities	decision issued.
Mar 11 2015	Tarnów County Sanitary Inspector (PPIS)	Plastics Segment – Sulfuric Acid Production Unit and Hydroxylamine Sulfate Plant Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	No post-inspection decision issued.
Mar 12 2015	Tarnów County Sanitary Inspector (PPIS)	Catalysts Business Unit	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	No post-inspection decision issued.
Mar 12 2015	Tarnów County Sanitary Inspector (PPIS)	Plastics Segment – Cyclohexanone Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector's decision of December 22nd 2014, Ref. No. NHP 430.806.2014.7 Section 1	No post-inspection decision issued.
Apr 7 2015	Tarnów County Sanitary Inspector (PPIS)	Plastics Segment – Caprolactam Polymerisation Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector's decision of October 30th 2014, Section 1 and 2	No post-inspection decision issued.
Apr 10 2015	Tarnów County Sanitary Inspector (PPIS)	Corporate Centre – Corporate Management and HR Policy Department	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector's decision of January 20th 2015, Section 1 a, b and c	No post-inspection decision issued.
Apr 13 2015	Tarnów County Sanitary Inspector (PPIS)	Plastics Segment – Castings and Modified Granules Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	No post-inspection decision issued.

Date	Inspecting authority	Organisational unit subject to inspection	Scope	Outcome
Apr 14 2015	Provincial Inspectorate for Environmental Protection (WIOŚ) in Tarnów	Plastics Segment – Sulfuric Acid Production Unit and Hydroxylamine Sulfate Plant Division	Environmental protection regulations	A decision containing one item was issued, with June 30th 2015 as the implementation deadline - implemented.
Apr 20–24 2015	Tarnów County Sanitary Inspector (PPIS)	Fertilizers Business Unit - Ammonia Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	No post-inspection decision issued.
May 7 2015	Provincial Agricultural and Food Quality Inspectorate (WIJHARS)	Fertilizers Business Unit	Compliance of fertilizers marked as ‘EU Fertilizer’ with the manufacturer’s documentation	All post-inspection recommendations have been implemented
May 12 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Lactam Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector’s decision of March 19th 2015, Section 1	No post-inspection decision issued.
May 12–18 2015	County Sanitary Inspector (PPIS)	Fertilizers Business Unit - Nitric Acids Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	No post-inspection decision issued.
May 18 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Ammonium Sulfate Division	1) OHS conditions, 2) compliance with regulations applicable to hazardous substances and materials, 3) assessment of the technical condition of the facilities	A decision containing one item was issued, with September 30th 2015 as the implementation deadline - implemented.
May 19 2015	County Sanitary Inspector (PPIS)	Water Treatment Station in ul. Chemiczna	Inspection of the surface water intake on the Dunajec River	No post-inspection decision issued.
Jul 3 2015	Provincial Inspectorate for Environmental Protection (WIOŚ)	Fertilizers Business Unit - Nitric Acids Division	Compliance with environmental protection regulations	All post-inspection orders have been implemented
Jul 6 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Tarnoform and Formaldehyde Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector’s decision of	No post-inspection decision issued.

Date	Inspecting authority	Organisational unit subject to inspection	Scope	Outcome
			May 18th 2015, Section 1 a, b and c	
Jul 6 2015	County Sanitary Inspector (PPIS)	Fertilizers Business Unit - Fertilizers Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector's decision of March 4th 2015, Section 1	No post-inspection decision issued.
Jul 9 2015	County Sanitary Inspector (PPIS)	Corporate Logistics Department - Fertilizers Storage and Packing Division	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the facilities	No post-inspection decision issued.
Jul 14 and 20 2015	County Sanitary Inspector (PPIS)	Research Centre	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the facilities	No post-inspection decision issued.
Sep 18-24 2015	County Sanitary Inspector (PPIS)	Plastics Segment - Cyclohexanone Division	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the facilities	A decision containing one item (benzene measurements) was issued - the decision was implemented on October 27th 2015.
Sep 21 2015-Feb 19 2016	Supreme Audit Office (NIK)	Grupa Azoty S.A.	CO2 emission allowances	Inspection concluded with a positive assessment.
Sep 22-24 2015	County Sanitary Inspector (PPIS)	Corporate Production and Safety Department/Infrastructure Centre	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the facilities	No post-inspection decision issued.
Oct 19-27 2015	County Sanitary Inspector (PPIS)	Infrastructure Centre - Utilities Production and Distribution Division	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the	No post-inspection decision issued.

Date	Inspecting authority	Organisational unit subject to inspection	Scope	Outcome
			facilities	
Oct 19–Nov 3 2015	National Fire Service (PSP)	Plastics Segment Lactam Division - K-13a facility	Compliance with fire regulations, identification of local threats, checking compliance with security requirements for a plant posing a threat of major industrial incident	No post-inspection decision issued.
Oct 19 2015	Provincial Inspectorate for Environmental Protection (WIOŚ)	Plastics Segment – Lactam Division – K-13a facility	Compliance with environmental protection regulations	No post-inspection decision issued.
Oct 19–28 2015	National Labour Inspectorate (PIP)	Lactam Division - K-13a facility	Compliance with labour laws, including OHS regulations	All post-inspection decisions have been implemented
Oct 19–27 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Ammonium Sulfate Division	Follow-up inspection, to check implementation of the Tarnów County Sanitary Inspector’s orders of November 6th 2015	No post-inspection decision issued.
Dec 10–21 2015	Provincial Inspectorate for Environmental Protection (WIOŚ)	Fertilizers Production Unit	Compliance with waste management and water and wastewater management requirements	No post-inspection decision issued.
Dec 16 2015	County Sanitary Inspector (PPIS)	Plastics Segment – Caprolactam Polymerisation Division	OHS conditions, compliance with regulations applicable to hazardous substances and mixtures, and assessment of the sanitary and technical condition of the facilities	Post-inspection orders were issued with May 30th 2016 as the implementation deadline.

SUMMARY:

The Supervisory Board positively assesses the following systems operated by the Company:

- internal control system,
- risk management system,
- compliance,
- internal audit system,

assuming that the solutions applied, including in particular in the areas of compliance and risk management, will be improved based on the experience gathered in the performance of the processes and on the Audit Committee’s recommendations.

Signatures of the members of the Supervisory Board of Grupa Azoty S.A.

.....
Przemysław Lis
/Chairman of the
Supervisory Board/

.....
Tomasz Karusewicz
/Deputy Chairperson of the
Supervisory Board/

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

.....
Maciej Baranowski

.....
Marek Grzelaczyk

.....
Robert Kapka

.....
Tomasz Klikowicz

.....
Artur Kucharski

.....
Bartłomiej Litwińczuk