Appendix to Resolution No. 184/X/2018 of the Supervisory Board of Grupa Azoty S.A. of the 10th term of office, dated May 17th 2018

REPORT
of the Supervisory Board of Grupa Azoty S.A. for the Annual General Meeting on assessment of the Management Board’s Non-Financial Statement of the Grupa Azoty Group for 2017

The Non-Financial Statement of the Grupa Azoty Group for 2017 comprises the following sections:

1. Business model,
2. Major risks,
3. Due diligence policies and procedures; key performance indicators:
   A. Employee matters,
   B. CSR matters,
   C. Environmental issues,
   D. Ethical issues (counteracting corruption and bribery, respect for human rights),
   E. Product quality, production, storage and transport safety, and safety related to the impact of chemical substances and mixtures on humans.

Discussion of individual sections of the Non-Financial Statement of the Grupa Azoty Group for 2017:

1. Business model

The business model section provides information on the Grupa Azoty Group’s position in the fertilizer, plastics and chemical sectors. It includes an overview of the markets on which the Group’s products are sold and the Group’s organisational structure.

It also contains a description of the business strategy and key financials, as well as activities undertaken in pursuit of the sustainable development strategy.

The Supervisory Board favourably assesses the activities aimed at completing the Group’s consolidation process so as to leverage the potential of the Group Companies to deliver a common strategy.

2. Major risks

The section contains information on the identified risks and methods of their prevention. The following major risks are inherent in the operations of the Grupa Azoty Group:
Risk associated with new legal requirements relating to production processes, including environmental regulations

• Risk of failure to meet emission reduction requirements
• Risk of instability of the legal environment
• Risk of deteriorated supply-demand balance
• Risk related to occupational health & safety
• Risk related to selection of personnel.

3. Due diligence policies and procedures; key performance indicators

A. Employee matters

The section describes employee matters, such as employment levels at Grupa Azoty S.A. and other Group Companies, rules for managing the HR area, as well as programmes and procedures designed to maintain the highest standards of safety.

B. CSR matters

It provides an overview of activities related to engagement with stakeholders and the local communities as part of the Group’s CSR, sponsorship and donation policies. Local communities are engaged with taking into account the provisions of the codes of ethical conduct of Grupa Azoty S.A., Grupa Azoty PUŁAWY and Grupa Azoty POLICE.

C. Environmental issues

This section describes the Group’s approach to issues related to environmental protection. It presents internal documents adopted at the Group Companies with respect to their use of the natural environment. All key Companies have implemented environmental management and energy management systems. In 2017, Companies of the Grupa Azoty Group pursued a number of environment protection projects.

D. Ethical issues (counteracting corruption and bribery, respect for human rights)

The section contains information about the ‘Grupa Azoty S.A. Code of Ethical Conduct’, a document describing measures taken by the Group to foster responsible employee behaviour and build relations with its environment. The Code applies to all employees of the Grupa Azoty Group (with the exception of Automatyka Sp. z o.o., where the matters in question are covered by the Collective Bargaining Agreement), and is also addressed to the Group’s customers, business partners, shareholders and other stakeholders.

E. Product quality, production, storage and transport safety, and safety related to the impact of chemical substances and mixtures on humans

It provides an overview of the principles underlying the Grupa Azoty Group’s responsibility for all activities related to the manufacture of products along the entire supply chain. The
products and materials produced by the Group are sold, inter alia, to food producers and farmers. In order to effectively implement its stated goals in the area, the Company has implemented the Grupa Azoty Food Safety Management Policy.

Grupa Azoty complies with its obligations related to registration of manufactured or imported chemical substances and assessment of the safety of chemical substances for humans and the environment (REACH).

In so far as it has examined it, the Supervisory Board has not identified any irregularities in the Management Board’s Non-Financial Statement of the Grupa Azoty Group for 2017, and so it proposes that the General Meeting approve the statement.

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

[illegible signature] Tomasz Karusewicz  
/Chairman of the Supervisory Board/

[illegible signature] Michał Gabryel  
/Deputy Chairman of the Supervisory Board/

[illegible signature] Zbigniew Paprocki  
/Secretary of the Supervisory Board/

[illegible signature] Piotr Czajkowski  

[illegible signature] Monika Fill  

[illegible signature] Robert Kapka

[illegible signature] Bartłomiej Litwińczuk  

[illegible signature] Ireneusz Purgacz  

[illegible signature] Roman Romaniszyn