



Integrated report of Grupa Azoty 2022



INTRODUCTION

Letter from the President of the Management Board

[2-22]

At the Grupa Azoty Group, we could not remain indifferent to these distressing events. From the very outset, we engaged in efforts to support those affected by the conflict, offering both direct assistance and collaborating with aid organisations. I take pride in highlighting the exceptional commitment of our employees, who again demonstrated deep sensitivity to human suffering and adversity. The details of our humanitarian initiatives in response to the armed invasion of Ukraine are outlined in this report.

Unfortunately, the ramifications of the war extended to influence the macroeconomic landscape pertinent to the business of the Grupa Azoty Group. For one, the conflict impeded the post-pandemic recovery across the global economy, presenting our Group with unprecedented challenges and volatility, associated in particular with the prices of our feedstocks and raw materials, notably natural gas. In the face of these adverse conditions, we found ourselves among the last of Europe's fertilizer manufacturers compelled to temporarily suspend production at certain plants. I am pleased to report that the production hiatus was short-lived, lasting less than seven weeks, whereupon we swiftly resumed operations as soon as the market conditions allowed us to do so, bringing about a significant decrease in gas prices. Importantly, it is crucial to note that the production stoppage had no adverse impact on the availability of our fertilizers throughout 2022.

Despite grappling with these macroeconomic headwinds, the Grupa Azoty Group closed the year with record-breaking revenue, exceeding the previous year's figure by more than a half. This achievement can be attributed to increased sales in the Chemicals and Plastics segments, coupled with our ability to sustain margins in the Agro Fertilizers segment. Remarkably, our product prices remained among the most competitive in the European Union for the majority of 2022.

External challenges did not impede the ongoing development plans of the Grupa Azoty Group. Our strategic vision until 2030 is to evolve into a high-performing and flexible corporation, structured divisionally, focused on production in Europe. Central to our strategic objectives is the imperative of climate neutrality and energy transition within our operations. The Green Azoty project encapsulates our commitment to this green transformation, highlighted by the establishment of Grupa Azoty Energia – a dedicated entity responsible for supplying green energy to our Group companies. A major milestone was achieved in 2022 as we defined a term sheet for acquiring a solar PV power plant, and in 2023, with the signing by Grupa Azoty Police of an agreement to develop and construct a nuclear power research facility based on the SMR technology.

Our strategic vision is aligned with the prevailing regulatory trends in Poland and the European Union. We also remain resolute in our efforts to diversify the product mix with the introduction of sustainable and entirely biodegradable alternatives. Our evolution in the market is evident as we transition from being a prominent fertilizer manufacturer to assuming the role of a fertilizer service provider, actively championing the environmentally sounder precision agriculture. In our pursuit of innovation, we are actively developing technologies such as satellite crop monitoring, recognising its potential as a future source of competitive advantage and tangible demonstration of our environmental responsibility. We are witnessing an increase in the Group's sales of high-margin speciality fertilizers, manufactured using materials that have been recovered from wastewater treatment or cement production.

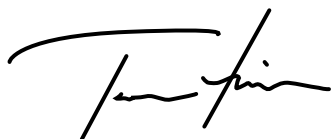
Throughout this report, you will find examples of our dedication to advancing the Green Azoty project, including our venture into green hydrogen, aligning with the principles of the Paris Agreement and ambitious climate goals.

Despite the formidable challenges posed by demanding market conditions and the earlier pandemic, in 2022 our flagship project Polimery Police reached its final phase. At the year's end construction progress was at an impressive 98% and a milestone moment occurred as Guadalupe Explorer, a vessel delivering the first 22,000 tonnes of propane feedstock for our new plant, arrived at the Handling and Storage Terminal in Police, marking also the symbolic inauguration of the Grupa Azoty Group's new port.

As true progress in the chemical industry is driven by innovation, our Research and Development facilities have been consistently expanded, collaborating with reputable scientific institutions at the forefront of advanced projects. We have also embraced a culture of innovation to encourage contributions from our employees. For years, the Grupa Azoty Group has been fortunate to have on board exceptional professionals, whose expertise and experience in the field of chemistry represent a world-class standard. In 2022, we introduced the 'Intellectual Property Management Policy' and the 'Employee Innovation Rules', documents empowering every member of our workforce to actively contribute to the development of our companies. They serve as catalysts for innovation, providing a structured framework for reporting, evaluating, implementing and rewarding the best ideas from our talented team.

We give you this Grupa Azoty Group Integrated Report for 2022 with the belief that sustainable development and social responsibility are integral to our organisational culture and a vital imperative guiding our collective actions across the Group.

Best regards,

A handwritten signature in black ink, appearing to read 'Tomasz', with a stylized flourish at the end.



ABOUT THE GRUPA AZOTY GROUP

Overview of the Group

[2-1] [2-6] [Organisational overview and external environment]

We take pride in maintaining our position as the leading manufacturer of fertilizers and chemicals in Poland. Our Group is also a major chemical producer in Europe, with a broad portfolio including mineral fertilizers, engineering plastics and OXO products. Most of our products are manufactured in Poland, but we also operate plants in Germany and Spain. The headquarters of Grupa Azoty S.A., our parent, is located in Tarnów. Three Group companies – Grupa Azoty S.A., Grupa Azoty Puławy and Grupa Azoty Police – are listed on the Warsaw Stock Exchange.

In Poland, the Grupa Azoty Group is the leading producer of mineral fertilizers, polyamides, OXO alcohols, plasticizers, titanium white and melamine. In the European Union, we rank **second in mineral fertilizer production and third in PA6 production**. Our success is owed to the dedication of **fifteen thousand employees across over fifty companies**. Our products are valued and appreciated by customers on five continents – the Americas, Asia, Africa and, naturally, Europe. In 2022, our consolidated revenue rose by more than 55%, to PLN 24.68 billion. An improvement by over a half was also recorded in our profit on sales, which came in at PLN 1.79 billion.

[2-7]

Grupa Azoty Group in figures:



15

More than 15,000 employees
across over fifty companies

- Almost 10,000 employees at the four key companies



3

Three key segments

- Agro Fertilizers
- Plastics
- Chemicals



4

Four main production plants in
Poland

- Tarnów
- Puławy
- Police
- Kędzierzyn-Koźle



1

in Poland in the production of
mineral fertilizers,
polyamides, OXO alcohols,
plasticizers, titanium white
and melamine



2



in the EU in the production of
mineral fertilizers



3



in the EU in the production of
polyamide 6



10



key raw materials

- ammonia
- benzene
- electricity
- phenol
- phosphate rock
- natural gas
- propylene
- sulfur
- potassium chloride
- coal



5



Five distribution areas

- European Union and other European countries
- Asia
- North America
- South America
- Africa



See the organisations of which Grupa Azoty Group is member














[2-28]

[2-28]

Membership of organisations and initiatives in 2022:

Chemicals and fertilizers

Chemicals and fertilizers

 <p>Polska Izba Przemysłu Chemicznego (Polish Chamber of Chemical Industry – PIPC)(representation on the Board, the Audit Committee, the Environmental Committee and the Research and Innovation Committee, representation in governing bodies, involvement in projects or work of the committees)</p> <p>Strona www</p>	 <p>Fertilizers Europe (representation on the Board, involvement in projects or work of the committees, membership of the organisation perceived as strategic)</p> <p>Strona www</p>	 <p>IFA – International Fertilizer Industry Association (involvement in projects or work of the committees)</p> <p>Strona www</p>	 <p>European Phosphate Fertilizer Alliance (AEEP)</p> <p>Strona www</p>	 <p>Centrum Zaawansowanych Technologii przy Instytucie Chemii Przemysłowej (Advanced Technology Centre at the Industrial Chemistry Institute)</p> <p>Strona www</p>
 <p>ECPI (European Plasticizers)</p> <p>Strona www</p>	 <p>EPL - European Petrochemical Luncheon International Association</p> <p>Strona www</p>	 <p>European Petrochemical Association (EPCA)</p> <p>Strona www</p>	 <p>Stowarzyszenie Inżynierów i Techników Przemysłu Chemicznego (Polish Association of Chemical Engineers)</p> <p>Strona www</p>	 <p>CEFIC – European Melamine Producers Association</p> <p>Strona www</p>
 <p>CEFIC - Automotive Grade Urea Sector Group</p> <p>Strona www</p>	 <p>Naczelna Organizacja Techniczna – Federacja Stowarzyszeń Naukowo – Technicznych o/Tarnów (Polish Federation of Engineering Associations NOT), Tarnów Division</p> <p>Strona www</p>	 <p>Komitet Chemii Polskiej Akademii Nauk (Chemistry Committee of the Polish Academy of Sciences)</p> <p>Strona www</p>		

SCROLL TABLE

Finance

 <p>Stowarzyszenie Księgowych w Polsce (Accountants Association in Poland), (resignation from membership in 2022)</p> <p>Strona www</p>	 <p>Stowarzyszenie Polskich Skarbników Korporacyjnych (Association of Polish Corporate Treasurers)</p> <p>Strona www</p>	 <p>Stowarzyszenie Emitentów Giełdowych (Polish Association of Listed Companies) (representation in governing bodies)</p> <p>Strona www</p>	 <p>Instytut Audytorów Wewnętrznych Polska (Institute of Internal Auditors Poland), (involvement in projects and work of the committee)</p> <p>Strona www</p>
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Chambers of Commerce

 <p>Izba Energetyki Przemysłowej i Odbiorców Energii (Polish Chamber of Industrial Power and Energy Consumers) (involvement in projects and work of the committees)</p> <p>Strona www</p>	 <p>Izba Przemysłowo-Handlowa w Tarnowie (Tarnów Chamber of Commerce and Industry)</p> <p>Strona www</p>	 <p>Opolska Izba Gospodarcza (Opole Chamber of Commerce)</p> <p>Strona www</p>
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Economic development

Economic development

 <p>Związek Pracodawców Business & Science Poland (Business & Science Poland Employers' Association) (membership of the association, involvement in projects and work of the committees)</p> <p>Strona www</p>	 <p>Polskie Forum ISO 9000 (Polish ISO 9000 Forum) (resignation from membership in 2022)</p> <p>Strona www</p>	 <p>Związek Przedsiębiorców i Pracodawców (Association of Entrepreneurs and Employers), (resignation from membership in 2022)</p> <p>Strona www</p>
 <p>Puławskie Centrum Przedsiębiorczości (Puławy Entrepreneurship Centre)</p> <p>Strona www</p>	 <p>Polish-Brazilian Chamber of Commerce (resignation from membership in 2022)</p> <p>Strona www</p>	

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Logistics and safety




 <p>Konsorcjum Bezpieczeństwo Gospodarcze Polski (Polish Economic Security Consortium), (representation in governing bodies, resignation from membership in 2022)</p> <p>Strona www</p>	 <p>Forum Liderów Bezpiecznej Pracy (Forum of Safe Work Leaders)</p> <p>Strona www</p>	 <p>Krajowa Sieć Informatyczna Europejskiej Agencji Bezpieczeństwa i Zdrowia w Pracy (National IT Network of the European Agency for Safety and Health at Work)</p> <p>Strona www</p>
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SCROLL TABLE

Logistics and safety

 <p>System pomocy w transporcie materiałów niebezpiecznych SPOT (SPOT System of Assistance in Hazardous Material Transport)</p> <p>Strona www</p>	 <p>ISSA – Organizacja do spraw bezpieczeństwa systemów informacyjnych Information Systems Security Association, (representation on the Management Board of ISSA Poland over the 2021-2023 term and involvement in the work/projects of the association)</p> <p>Strona www</p>	 <p>CSO Council (representation in the Programme Board and involvement in the work/projects of the Programme Board)</p> <p>Strona www</p>
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Energy

 <p>Towarowa Giełda Energii S.A. oraz Komitet Rynku Gazu, Komitet Rynku Energii Elektrycznej działające przy TGE (Towarowa Giełda Energii S.A. and the TGE Gas Market Committee and Electricity Market Committee)</p> <p>Strona www</p>	 <p>Towarzystwo Obrotu Energią (Association of Energy Trading),</p> <p>Strona www</p>	 <p>Europejski Sojusz na rzecz Czystego Wodoru (European Clean Hydrogen Alliance)</p> <p>Strona www</p>
 <p>Hydrogen Europe (involvement in projects and work of the committees, membership of the organisation perceived as strategic)</p> <p>Strona www</p>	<p>Projekt „Energia dla Przemysłu” (Energy for Industry project)</p>	

ESG:

ESG:

ERCST

European Roundtable on
Climate Change and
Sustainable Transition

ERCST - European Roundtable on Climate Change and Sustainable (involvement in projects and work of the committees, membership of the organisation perceived as strategic)

[Strona www](#)



United Nations Global Compact

[Strona www](#)

Other



Transparency Register

[Strona www](#)



Stowarzyszenie Elektryków Polskich (Association of Polish Electrical Engineers), Tarnów Division Board

[Strona www](#)



Klub Polskich Laboratoriów Badawczych POLLAB (POLLAB Club of Polish Research Laboratories)

[Strona www](#)



CEFLEX (membership of organisation perceived as strategic)

[Strona www](#)



Stowarzyszenie Inspektorów Ochrony Danych (Data Protection Officers' Association) – SABI

[Strona www](#)



Klub Sportowy Azoty – Puławy (Azoty-Puławy Sports Club)

[Strona www](#)



Lubelski Klaster Biotechnologiczny „LKBio” ('LKBio' Lublin Biotechnology Cluster)



AEGIS Europe (members of the organisation perceived as strategic)

[Strona www](#)

SCROLL TABLE



Awards and distinctions in 2022

Good business

- First place for Grupa Azoty S.A. in the Chemicals category of the Top Brand 2022 ranking



- *Wprost* Eagles Award for Grupa Azoty Polyolefins in recognition of the Polimery Police project
- Jubilee Award marking the 25th anniversary of the North Chamber of Commerce for the Polimery Police project, granted to President of the Management Board of Grupa Azoty Police
- Distinction granted to Grupa Azoty Kędzierzyn during the gala event held to celebrate the 27th anniversary of surveys conducted by the National Bank of Poland
- Second place for President of Grupa Azoty S.A. in the Best CEOs of WSE-Listed Companies ranking; Grupa Azoty topping the stock price appreciation rate sub-ranking
- Regional Leader 2022 award in the Mining category for Grupa Azoty Siarkopol
- TOP DESIGN award for a modern and attractive stand design granted to Grupa Azoty during the 26th PLASTPOL International Plastics and Rubber Processing Fairs

Community engagement and contribution to the Group's environment



- Tarnów Land Grosz award granted to Grupa Azoty S.A. in recognition of its community engagement
- Platinum Skills and Competence Laurel 2021 for Grupa Azoty Kędzierzyn awarded by the Opole Chamber of Commerce in the Ambassador of Polish Affairs category
- Grupa Azoty Puławy coming third in the *Kurier* Hundred ranking of the largest companies based in the Lublin region and second in the Golden Hundred ranking compiled by *Dziennik Wschodni*
- Grupa Azoty nominated for the President of Poland's Business Award in the Responsible Business category
- Award in the E-Innovation for the Environment category granted to Grupa Azoty S.A. in recognition of its proprietary technology for the production of thermoplastic starch and starch-based line of polymers

Labour practices and decent work



- Top spot for Grupa Azoty in the *Forbes'* Poland's Best Employers 2022 ranking (the Oil and Gas Production, Mining, Chemical Industry category); 17th place overall for the Grupa Azoty Group
- First prize in the Best Employer category and top spot in the Golden Hundred of Polish Agriculture ranking for Grupa Azoty S.A.
- Renewal of the Gold Card of Safe Work Leader for 2023-2024 by the Safe Work Leaders Forum



ABOUT THE GRUPA AZOTY GROUP

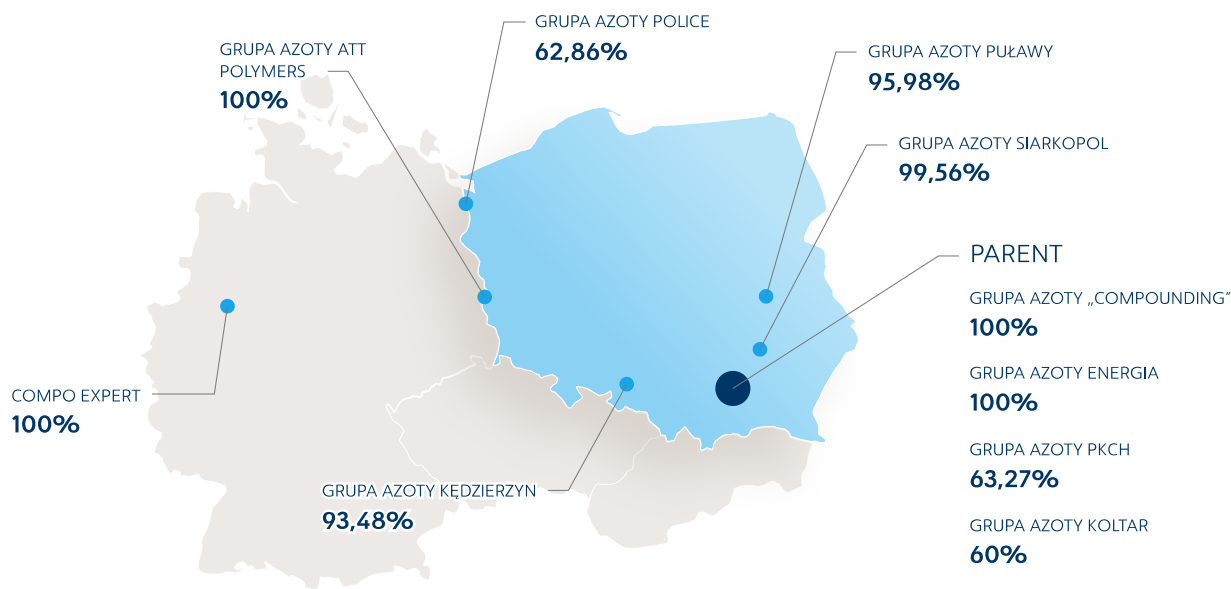
Group structure

[2-6] [IIR - Corporate governance](#)

Comprised of more than fifty entities, it still operates as a single integrated Grupa Azoty brand. Synergies play a major role in optimising the potential of individual plants, facilitating cost savings, and enhancing revenue generation. Key decisions are centralised at the Group level.

Grupa Azoty S.A. specialises in the manufacture of engineering plastics and nitrogen fertilizers, complemented by service and trading activities. The Company is listed on the Warsaw Stock Exchange and is a constituent of international indices, including MSCI Emerging Markets.

The parent and its subsidiaries as at December 31st 2022



See information about the business profiles of the other Grupa Azoty Group companies and our structure

Grupa Azoty S.A.'s subsidiaries making up the Grupa Azoty Group:

■ Grupa Azoty Puławy

specialisation: manufacture of nitrogen fertilizers, granular urea, ammonium nitrate, ammonium sulfate and urea-ammonium nitrate solution (RSM®), melamine, hydrogen peroxide, caprolactam

registered in: Puławy

■ Grupa Azoty Police

specialisation: manufacture of nitrogen fertilizers, prilled urea, compound fertilizers and titanium white

registered in: Police

■ Grupa Azoty Kędzierzyn

specialisation: manufacture of nitrogen fertilizers, ammonium nitrate, urea-ammonium nitrate solution (RSM®) and aldehydes, OXO alcohols, as well as general-purpose and speciality plasticizers (Oxoviflex™ and Oxofine™)

registered in: Kędzierzyn-Koźle

■ Grupa Azoty Polyolefins

specialisation: manufacture of propylene and polypropylene (Gryflen®)

registered in: Police

■ Grupa Azoty Compounding

specialisation: manufacture of specialised engineering plastics through the compounding process

registered in: Tarnów

■ Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol Grzybów

specialisation: production and processing of sulfur, manufacture of liquid, prilled, insoluble, milled, granulated and flaked sulfur

registered in: Grzybów

■ **Grupa Azoty Polskie Konsorcjum Chemiczne**

specialisation: end-to-end design services for investment projects in the chemical industry

registered in: Tarnów

■ **Grupa Azoty Koltar**

specialisation: railway transport services, repair of rail car chassis and tankers used in the transport of hazardous materials

registered in: Tarnów

■ **Grupa Azoty ATT Polymers Guben**

specialisation: manufacture of polyamide 6 (PA6)

registered in: Guben (Germany)

■ **COMPO EXPERT Holding Münster**

specialisation: manufacture of speciality fertilizers

registered in: Münster (Germany)

■ **Grupa Azoty Energia**

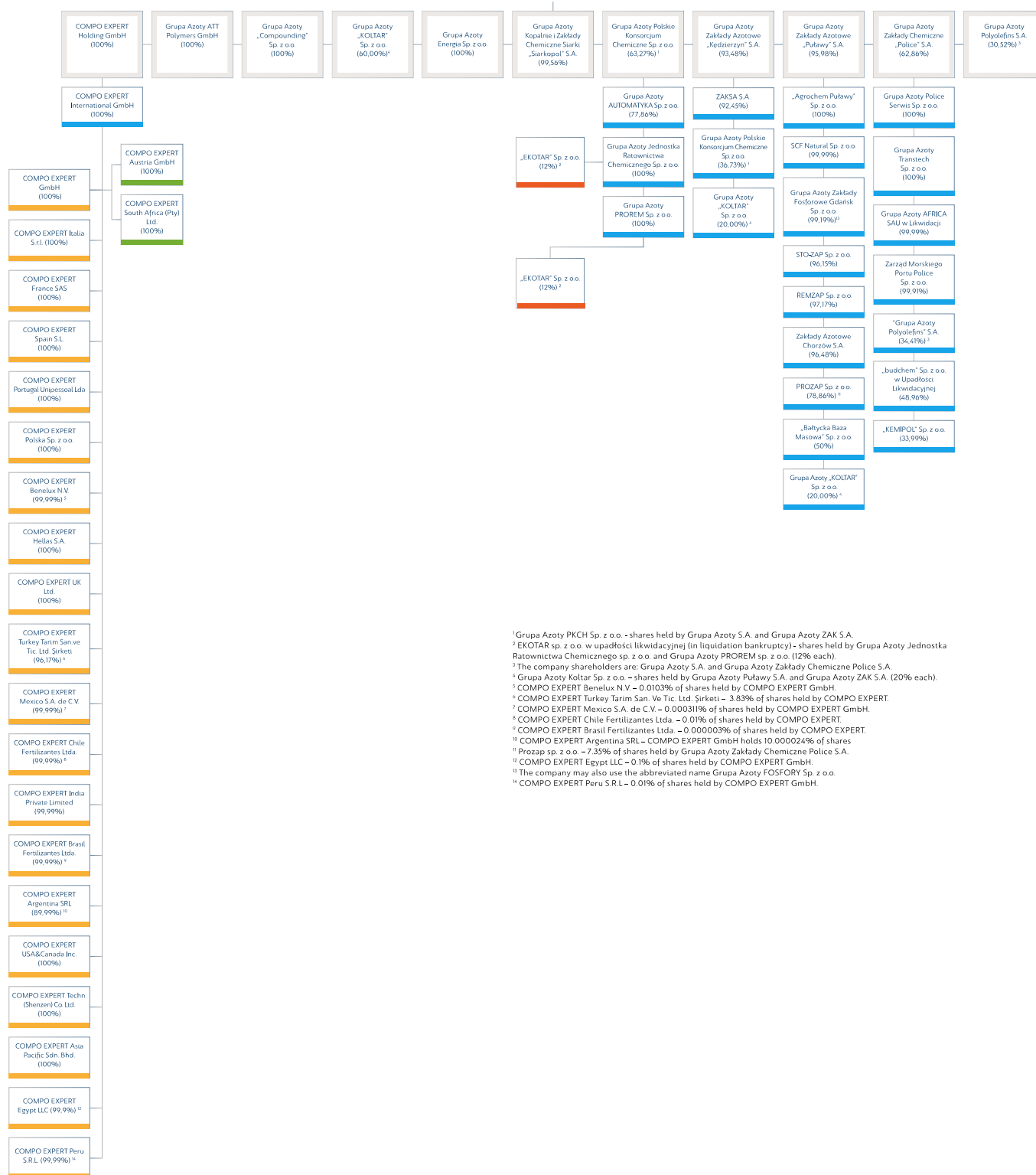
specialisation: generation of electricity

registered in: Tarnów

[102-5] [102-18]

Structure of the Grupa Azoty Group as at December 31st 2022

GRUPA AZOTY S.A.



4 Grupa Azoty PKCH Sp. z o.o. shares held by Grupa Azoty S.A. and Grupa Azoty ZAK S.A.

5 EKOTAR sp. z o.o. w likwidacji likwidacyjna (in liquidation bankruptcy) shares held by Grupa Azoty Jednostka Ratowniczo-Chemiczna sp. z o.o. and Grupa Azoty PROREM sp. z o.o. (129% each).

6 The company shareholders are: Grupa Azoty S.A. and Grupa Azoty Zakłady Chemiczne Police S.A.

7 Grupa Azoty Kolarz Sp. z o.o. – shares held by Grupa Azoty Puławy S.A. and Grupa Azoty ZAK S.A. (209% each).

8 COMPO EXPERT Benelux NV-Ltd – 0.01039% of shares held by COMPO EXPERT GmbH.

9 COMPO EXPERT Turkey Tarım San. Ve Tic. Ltd. Şirketi – 3.836% of shares held by COMPO EXPERT.

10 COMPO EXPERT Mexico S.A. de C.V. – 0.0003119% of shares held by COMPO EXPERT GmbH.

11 COMPO EXPERT Chile Fertilizantes Ltda. – 0.019% of shares held by COMPO EXPERT.

12 COMPO EXPERT Brasil Fertilizantes Ltda. – 0.0000039% of shares held by COMPO EXPERT.

13 COMPO EXPERT Argentina SRL – COMPO EXPERT GmbH holds 10.0000246% of shares.

14 Prozap sp. z o.o. 7.35% of shares held by Grupa Azoty Zakłady Chemiczne Police S.A.

15 COMPO EXPERT Egypt LLC – 0.1% of shares held by COMPO EXPERT GmbH.

16 The company may also use the abbreviated name Grupa Azoty FOSFORY Sp. z o.o.

17 COMPO EXPERT Paris S.R.L. – 0.019% of shares held by COMPO EXPERT GmbH.



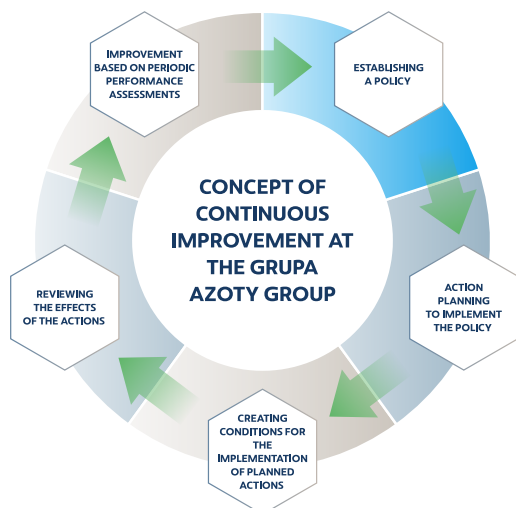
See key ownership changes made at our companies in 2022

Presented below are changes in the structure of business entities in 2022. For details, see the [Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group in the 12 months ended December 31st 2022](#), available on Grupa Azoty's website.

- Cancellation of shares in Prozap
- Repurchase of shares in Grupa Azoty Siarkopol
- Transfer of shares in ZAKSA

- Share capital increase and cancellation of shares in Remzap
- Establishment of Grupa Azoty Energia
- Articles of incorporation of COMPO EXPERT Peru
- Removal of Technochimserwis (closed joint-stock company) from register of legal entities

Placing a priority focus on customers, minimising environmental losses and mitigating potential hazards are the three fundamental pillars of the Integrated Management System implemented at the Grupa Azoty Group. Aligned with international standards and rooted in the concept of continuous improvement, the system is designed to ensure the delivery of our strategic goals.



Our priorities remain unchanged for years:

- high product quality,
- technological and plant safety,
- commitment to environmental protection,
- process safety,
- working conditions meeting the OHS requirements,
- improvement of energy efficiency.



See our management structure

[2-9]

[2-11]

[2-9] [2-11]

Grupa Azoty Management Board

The operations of Grupa Azoty S.A. are directed by the Management Board, consisting of seven executive members. In 2022, all members of the Management Board were male. The President of the Management Board is not a member of senior management. As at December 31st 2022, the Management Board of Grupa Azoty S.A. was composed of¹:



Tomasz Hinc, President of the Management Board

Remit at the Company:

- directing the work of the Management Board,
- corporate management,
- corporate supervision,
- legal support,
- HR,
- internal audit,
- communication, PR, sponsorship and CSR,
- compliance management,
- legal support,
- representing Grupa Azoty S.A.



Mariusz Grab, Vice President of the Management Board

Remit at the Company:

- management of procurement processes, excluding natural gas,
- ICT processes,
- safety and cybersecurity management,
- raw materials and intermediate products integration,
- manufacture and sale of polypropylene,
- president of the Management Board of Grupa Azoty Police.



Filip Grzegorczyk, PhD, Vice President of the Management Board

Remit at the Company:

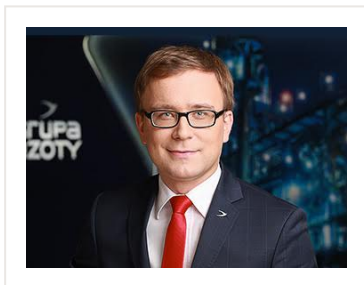
- energy transition and New Green Deal,
- regulations, public affairs and market protection,
- corporate risks,
- logistics,
- president of the Management Board of Grupa Azoty Kędzierzyn.



Tomasz Hryniewicz, Vice President of the Management Board

Remit at the Company:

- sales management excluding polypropylene,
- customer service quality management,
- product portfolio management,
- management of procurement processes,
- president of the Management Board of Grupa Azoty Puławy.



dr Grzegorz Kądziaławski, Vice President of the Management Board

Remit at the Company:

- research and development,
- innovations,
- protection of intellectual and industrial property rights,
- collaboration with universities,
- monitoring of investment project implementation,
- social dialogue,
- strategic planning and monitoring of strategy implementation,
- strategic project management,

- New Green Deal and Circular Economy.



Marek Wadowski, Vice President of the Management Board

Remit at the Company:

- financial management,
- accounting policy management,
- monitoring of budget implementation,
- planning, budgeting and controlling,
- investor relations.



Zbigniew Paprocki, Member of the Management Board, Director General

Remit at the Company:

- Director General,
- integration of production processes across Grupa Azoty S.A.
- maintenance of production assets, shutdowns and repairs,
- critical infrastructure,
- plant, fire and environmental safety.

¹ The Management Board includes no under-represented social groups, i.e. employees representing a minority within the organisation (social or otherwise).

For a detailed description of the remits of individual members of the Management Board, see the [Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group in the 12 months ended December 31st 2022](#).

In early 2023, there were changes in the structure of the Management Board. Its current composition can be viewed on the [Group's website](#).

Grupa Azoty S.A. Supervisory Board

The Supervisory Board of Grupa Azoty S.A. consists of five to nine members, appointed for a joint three-year term of office. At least two of them must satisfy the relevant independence criteria. The Chair of the Supervisory Board is appointed by the General Meeting, performing its duties pursuant to the Rules of Procedure for the Supervisory Board and the Company's Articles of Association.

Key powers and responsibilities of the Supervisory Board include:

- appointing and removing from office Management Board members,
- assessing the Management Board's proposals on distribution of profit or coverage of loss,
- assessing the Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group, as well as the separate financial statements of the Company and the consolidated financial statements of the Group,
- selecting the audit firm,
- approving the Company's long-term strategic plans,
- approving annual budgets including capital expenditure budgets,
- issuing opinions on all matters submitted by the Management Board for consideration to the General Meeting,
- granting consent for the Management Board to execute material legal transactions.

The Supervisory Board of Grupa Azoty S.A. consisted of nine members – two females and seven males. Three members of the Supervisory Board satisfied the independence criteria. Three persons were elected for appointment to the Supervisory Board by employees. In 2022, the Supervisory Board held 11 meetings and 17 votes.

As at December 31st 2022, the Supervisory Board was composed of²:

- Magdalena Butrymowicz, LL D – Chair of the Supervisory Board,
- Wojciech Krysztofik – Deputy Chair of the Supervisory Board,
- Robert Kapka – Secretary of the Supervisory Board, elected by employees,
- Monika Fill – Independent Member of the Supervisory Board,
- Bartłomiej Litwińczuk – Member of the Supervisory Board,
- Michał Maziarka – Independent Member of the Supervisory Board,
- Marcin Mauer – Independent Member of the Supervisory Board,
- Janusz Podsiadło – Member of the Supervisory Board, elected by employees,
- Roman Romaniszyn – Member of the Supervisory Board, elected by employees.

The current composition of the Supervisory Board can be viewed on the [Group's website](#).

[Learn more about our management structure and committees set up at the Group.](#)

² On January 3rd 2023, Marcin Mauer resigned as Member of the Supervisory Board. On January 11th 2023, Marzena Małek was appointed to serve on the Supervisory Board. The Supervisory Board includes no under-represented social groups, i.e. employees representing a minority within the organisation (social or otherwise).



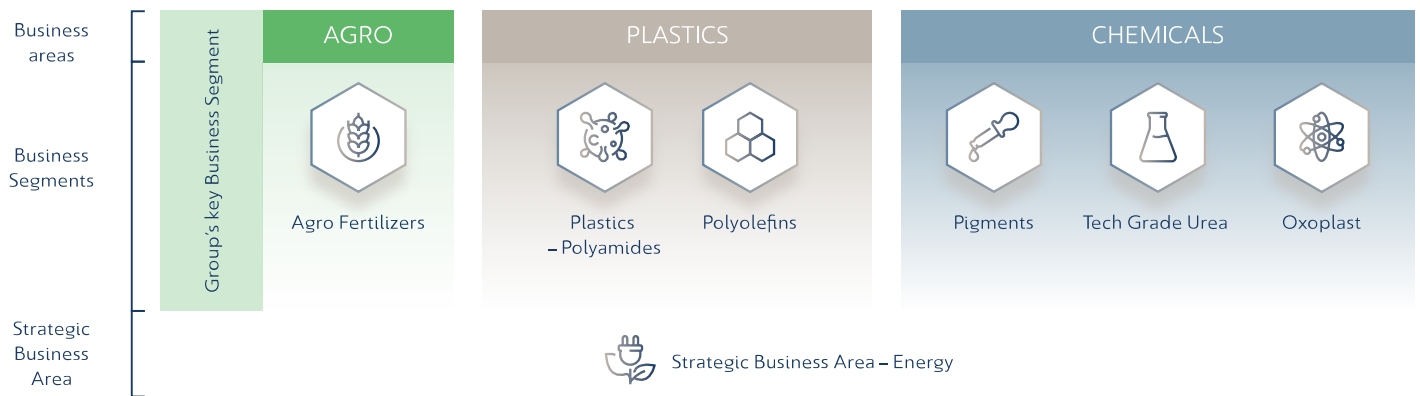
ABOUT THE GRUPA AZOTY GROUP

Our products

[2-6]

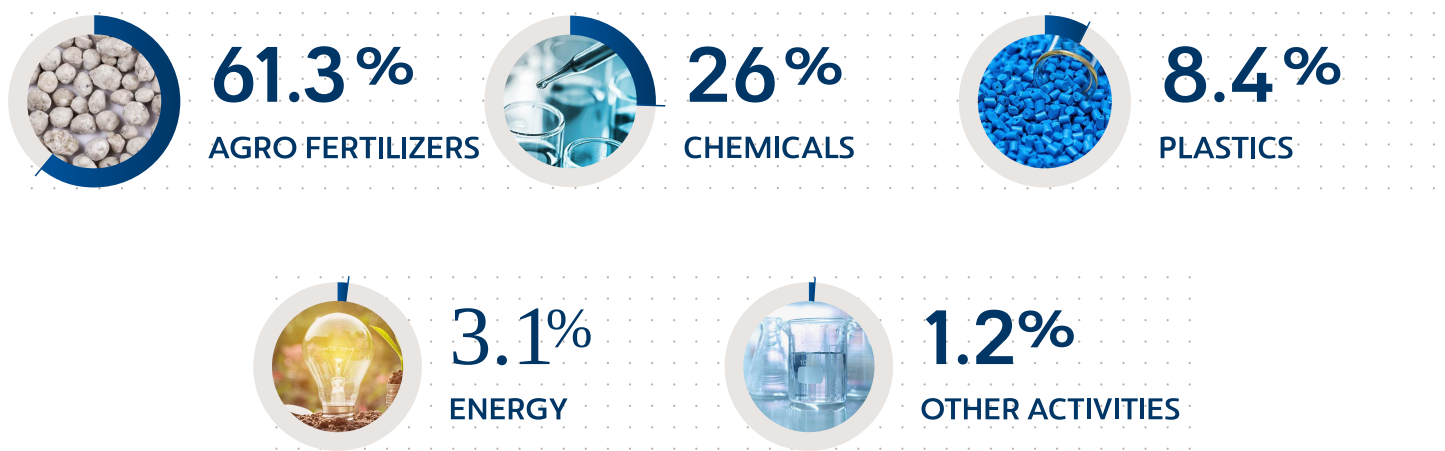
Our products find applications in agriculture, as well as the food, automotive, electrical engineering and furniture industries. Our chemicals are used to manufacture a range of products, including household appliances, sports equipment, paints and varnishes. In accordance with the Strategy, the Strategic Business Area – Energy has been separated within the Group's organisational structure.

The Agro Fertilizers, Plastics and Chemicals areas have been further divided into six business segments.



Complementing our business is the provision of services, mainly within the Group, which include environmental protection, research and infrastructure management. Services procured outside the Group include maintenance (automation, design, repair, etc.), logistics (road transport, rail transport, port facilities), and catalyst manufacturing.

Contribution to the Grupa Azoty Group's revenue in 2022



Agro Fertilizers

The principal and largest area of the Group's business is the manufacture of **mineral fertilizers**, comprising nitrogen fertilizers, compound fertilizers containing at least two of the key nutrients: nitrogen (N), phosphorus (P) or potassium (K), as well as speciality fertilizers. They facilitate modern, efficient and sustainable crop cultivation, which improves the profitability of agricultural business and makes food prices affordable. We produce fertilizers satisfying the requirements of specific plant species in variable climate and soil conditions. The fertilizer manufacturing activities are conducted by our companies based in Tarnów, Puławy, Kędzierzyn-Koźle, Police, Gdańsk, Chorzów, as well as in Germany and Spain. Our Group is Poland's largest and the European Union's second largest manufacturer of mineral fertilizers.

Product portfolio of the Agro Fertilizers segment:

- nitrogen fertilizers,
- nitrogen-sulfur fertilizers,
- two-component fertilizers (NP, NK, PK),
- compound fertilizers,
- speciality fertilizers (COMPO EXPERT).

In addition, Agro products include ammonia and other nitrogen-based intermediates.

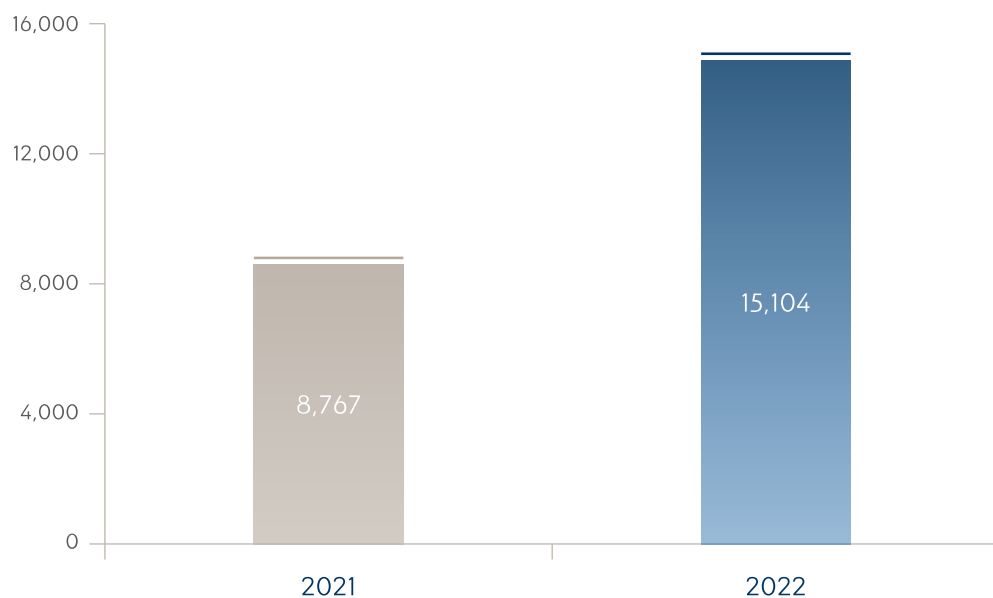
Financial highlights

(PLNm)	2021	2022	CHANGE
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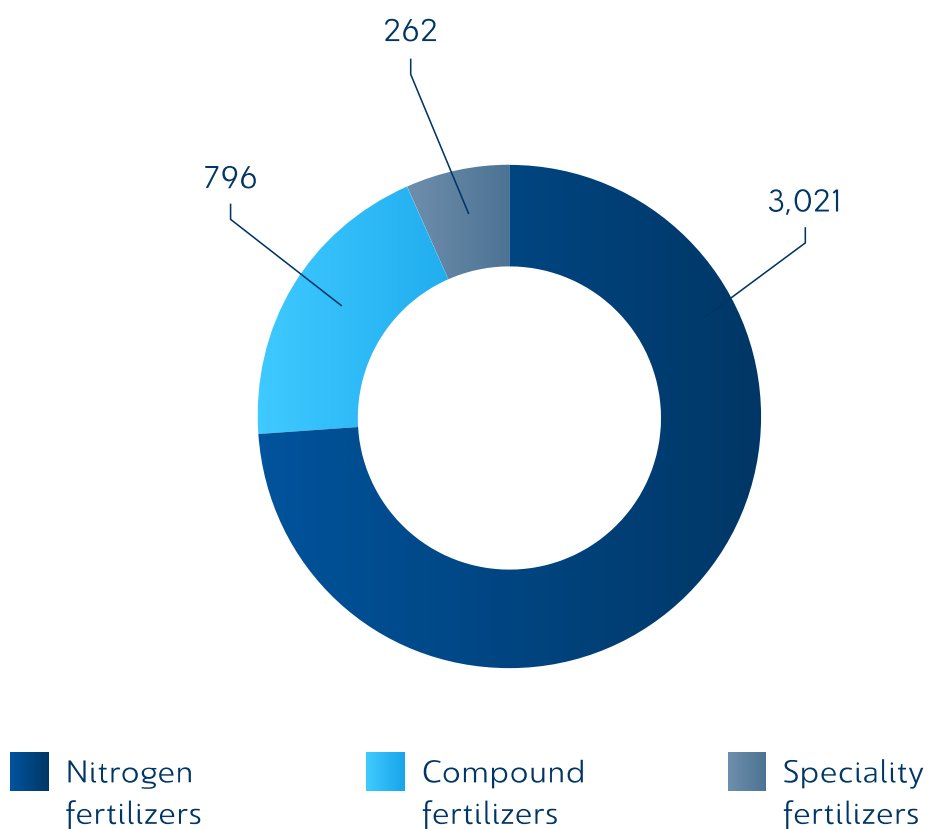
(PLNm)	2021	2022	CHANGE
REVENUE	8,767	15,104	72%
EBITDA	777	1,361	75%
EBITDA MARGIN	8.9%	9%	0.1 pp

Revenue

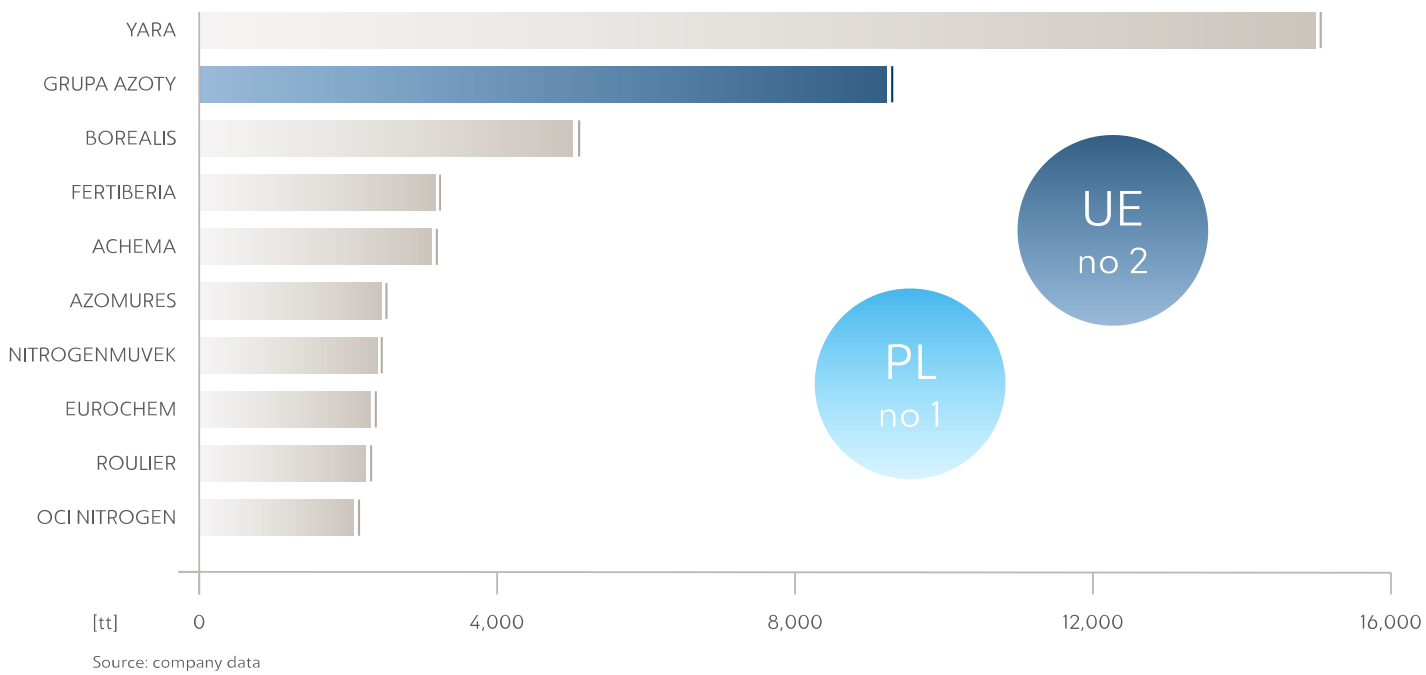
[PLN million]



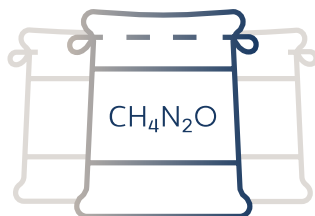
Product groups 2022 (Sales volume '000 tonnes)



Grupa Azoty Group's production capacities vs competition (Mineral fertilizers)

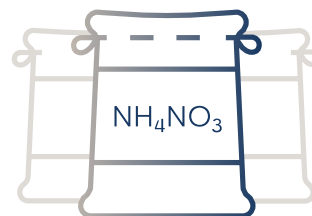


Learn more about our fertilizers



Urea

is a fertilizer with a 46% nitrogen content. It is produced by our plants in Puławy, Police and Kędzierzyn-Koźle. Whether in granular form or as a solution, it can be used for all types of crops during different growth phases, which makes it a universal fertilizer. Urea also finds applications outside of agriculture, for instance in the production of adhesive resins for the wood-based panel industry. It can be used to produce other chemicals, such as the liquid fertilizer UAN (urea-ammonium nitrate solution, RSM®) or melamine. Natural gas is the main feedstock in manufacturing nitrogen fertilizers.



We offer nitrate fertilizers in three forms:

- Ammonium nitrate – a fertilizer easily dissolved in water, with a 28% to 34% nitrogen content.
- Calcium ammonium nitrate (CAN) – a fertilizer with a nitrogen content of up to 28%. It is a universal product, suitable for all types of soil. Its easy solubility makes it readily absorbable by plants.
- Urea-ammonium nitrate solution – a liquid nitrogen fertilizer coming in three varieties: with a 32%, 30% and 28% nitrogen content. Thanks to its form, it is easily absorbed by plants. It is also produced with an admixture of sulfur.



Sulfur-nitrogen fertilizers

substances improving the sulfur content in soil, enhancing the ability of crop plants to absorb nitrogen, and thus increasing the quality and volume of crops.



Compound fertilizers

universal products which, depending on composition, can be applied to various types of crops and soil. Apart from primary components, that is nitrogen, phosphorus and potassium, they also contain magnesium, sulfur and calcium, and may contain microelements such as boron or zinc. The Group's current portfolio includes more than 40 types of compound fertilizers. We also manufacture fertilizers customised to meet specific needs.



Speciality fertilizers

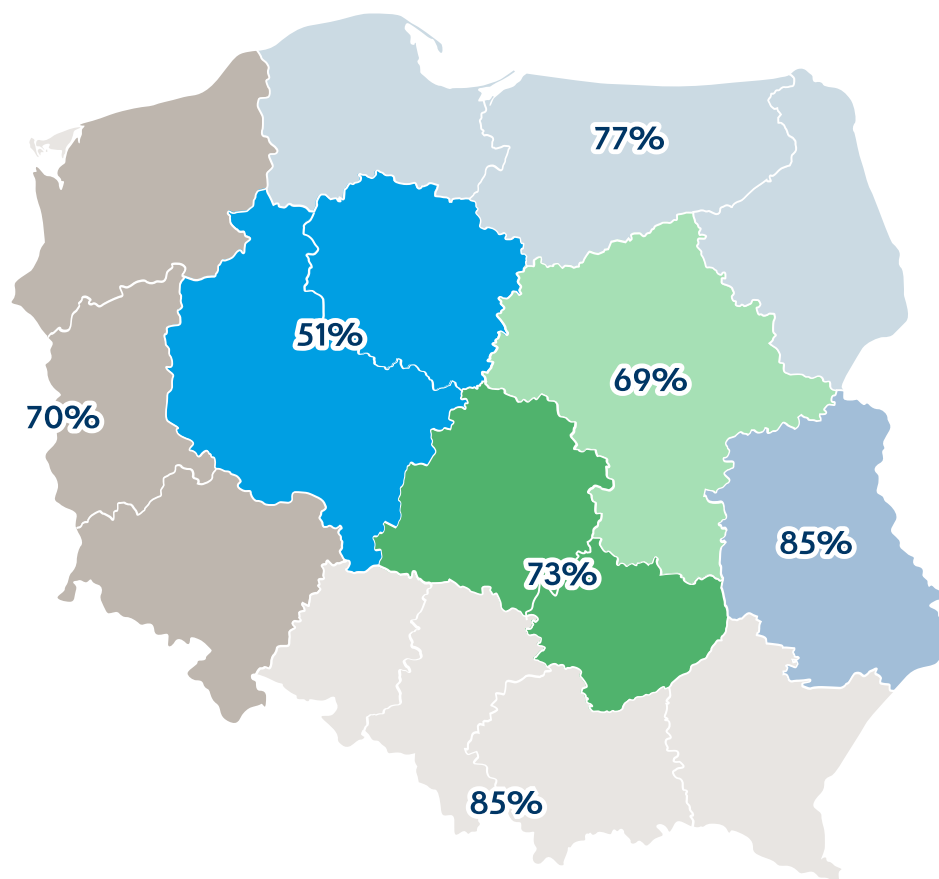
products tailored to the requirements of fruit and vegetable production, horticulture and maintenance of green areas. Apart from the primary components, they contain secondary nutrients and microelements, as well as inhibitors to reduce nutrient leaching.



Learn more about the polish fertilizer market

Over the years, we have cultivated strong partnerships with Polish farmers, gaining an understanding of their needs, expectations, and the challenges faced by food producers. In 2022, we participated in the 17th edition of the AFCOME International Meetings, the event organised by AFCOME, a professional association of agricultural supply companies, cooperatives and private companies engaged in the distribution and manufacture of mixed fertilizers in France. The conference was structured around three thematic sessions focusing on innovation and agronomics, agriculture and the fertilizer market in the international context, and in the economic and regulatory context. Emphasis was placed on decarbonisation of the plant nutrition sector, with discussions spanning a broad spectrum of topics. The event drew a diverse audience, including farmers, fertilizer distributors and producers, and a wide group of scientists. The detailed programme of the AFCOME International Meeting is outlined below. Our representatives from Grupa Azoty shared insights into the landscape of the agricultural and fertilizer sectors in Poland, elucidating the unique characteristics of these markets and their participants.

Percentage of farms using Grupa Azoty fertilizer products in the past 12 months



Percentage of farms using Grupa Azoty fertilizer advisory services

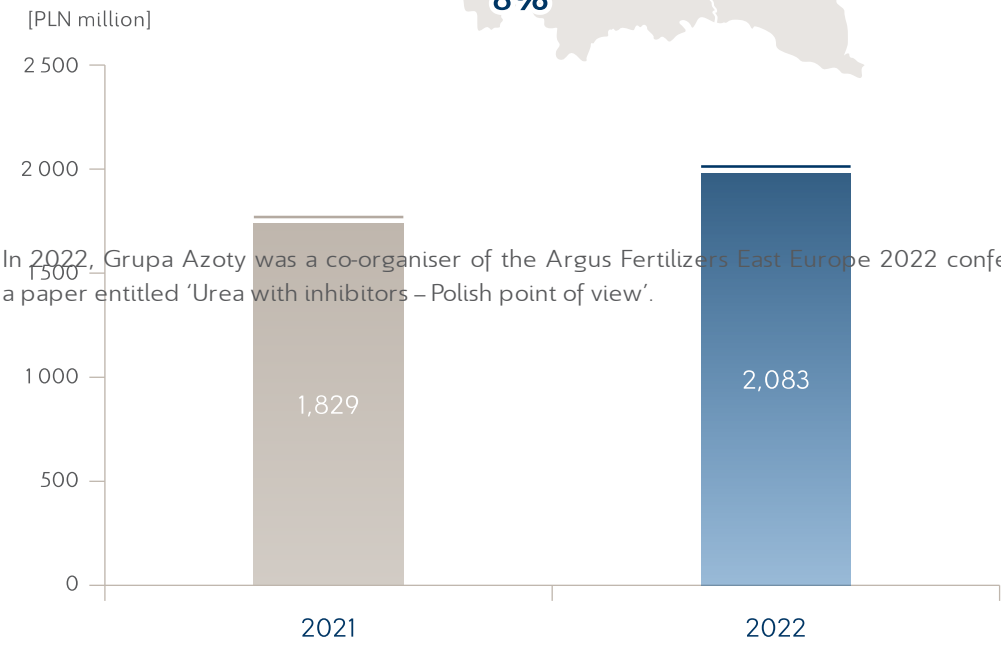
Plastics

We produce... good mechanical properties. They are successfully... textile industries. In addition, they can be found in... modified plastics, as well as auxiliary products, ... PA6 in Poland and the third largest producer

Financial highlights

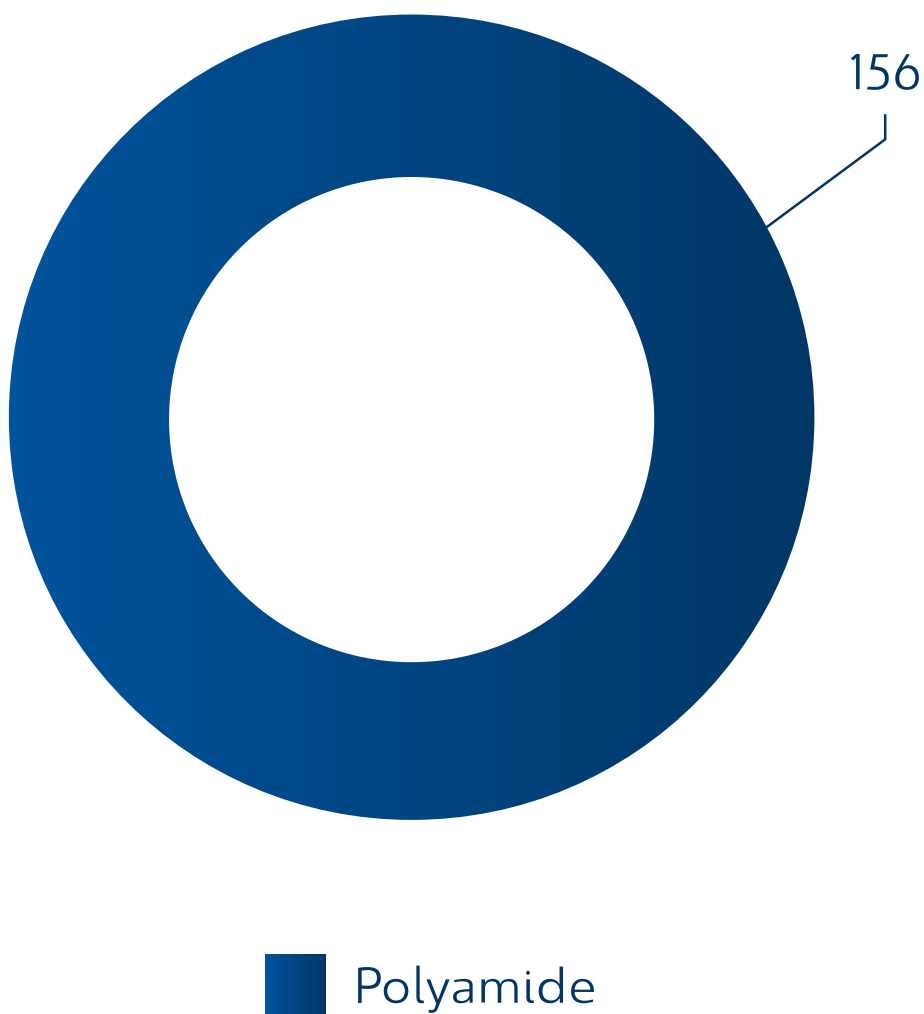
15%	22%	19%	10%	11%	18%	8%	CHANGE
REVENUE							13.9%
EBITDA							-23%
EBITDA MARGIN							-13.1 pp

Revenue

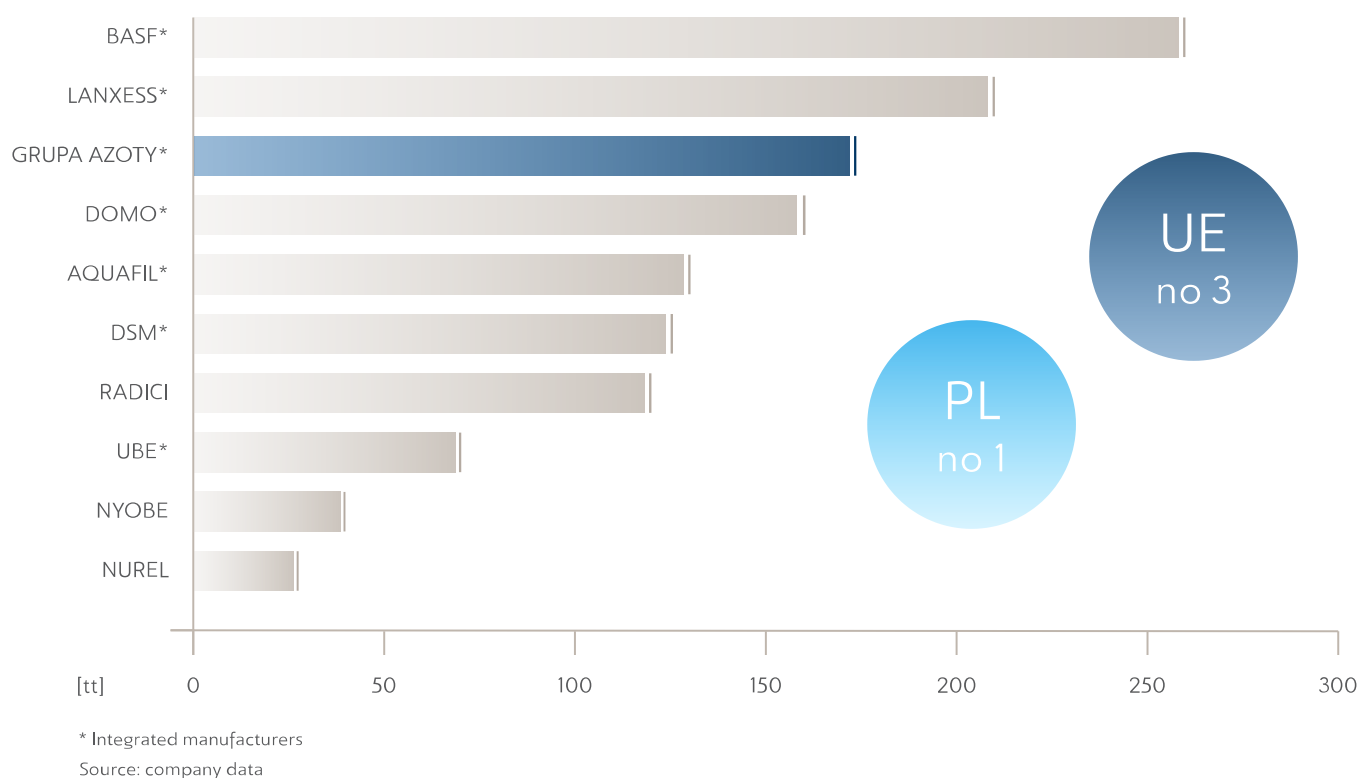


In 2022, Grupa Azoty was a co-organisier of the Argus Fertilizers East Europe 2022 conference, where our speakers delivered a paper entitled 'Urea with inhibitors – Polish point of view'.

Product groups 2022 (Sales volume '000 tonnes)



Grupa Azoty Group's production capacities vs competition (Polyamide 6)



The Plastics area is divided into two segments: polyamide plastics and polyolefins¹.

Product portfolio of the polyamide plastics segment:

- polyamide 6,
- caprolactam,
- compounds based on PA6, PP, PBT and PA6.6 polyamides,
- sulfuric acid,
- oleum,
- cyclohexanone oxime (Tarnoks),
- cyclohexanol.

Planned product portfolio of the polyolefins segment:

- polypropylene:
 - PP homopolymers,
 - PP copolymers.

¹ Production of plastics in the polyolefins segment will begin after the launch of production by Grupa Azoty Polyolefins (scheduled for 2023).

Chemicals

The third key area of our business is the Chemicals segment. It comprises three units: Pigments, Oxoplast™ and Tech Grade Urea. Our Group is a leading producer of melamine, ranking third in the European Union, and the sole Polish manufacturer of OXO alcohols, holding the fourth and fifth position, respectively, on the EU market in the production of OXO alcohols and plasticizers. Grupa Azoty ranks as the European Union's largest manufacturer of DOTP plasticizer, marketed under the Oxoviflex™ brand. The Group is also Poland's only producer of titanium white.

Product portfolio of the Chemicals segment:

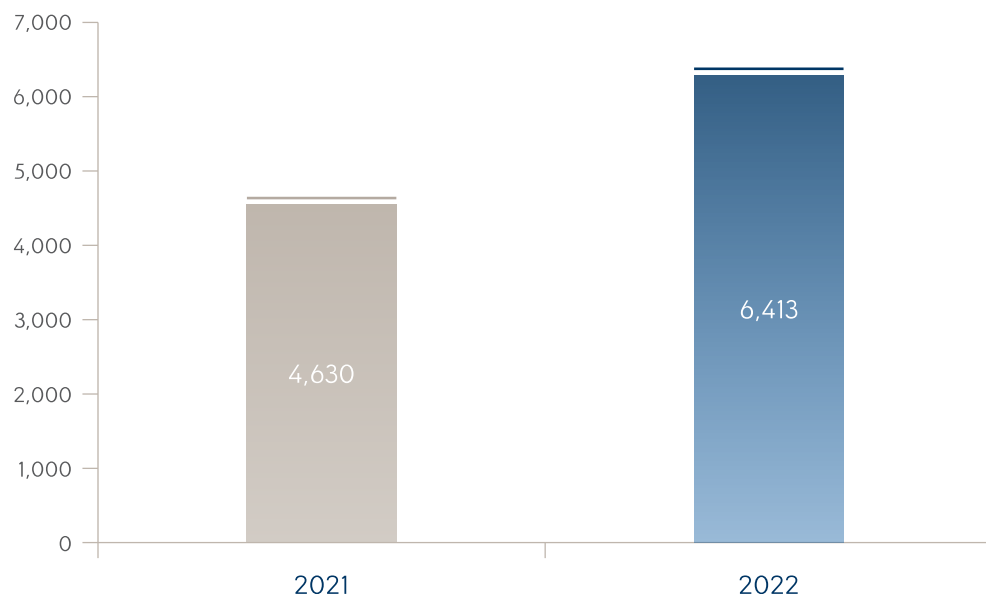
- titanium white,
- iron sulfate III,
- aldehydes,
- OXO alcohols,
- Oxoviflex™ general-purpose plasticizers,
- Oxofine™ speciality plasticizers,
- technical grade urea,
- RedNOx products,
- melamine,
- technical grade nitric acid,
- concentrated nitric acid,
- mixed acids,
- ammonium nitrate solution.

Financial highlights

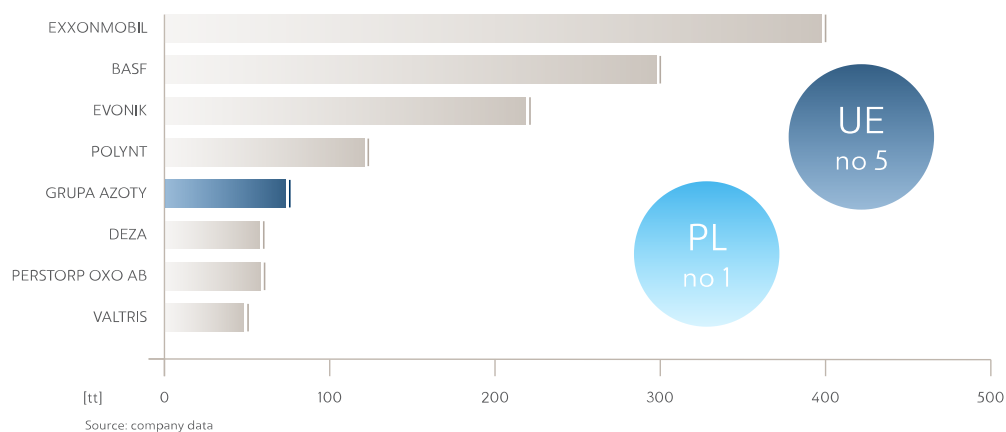
(PLN MILLION)	2021	2022	CHANGE
REVENUE	4,630	6,413	38.5%
EBITDA	674	773	14.7%
EBITDA MARGIN	14.6%	12.1%	-2.5 pp

Revenue

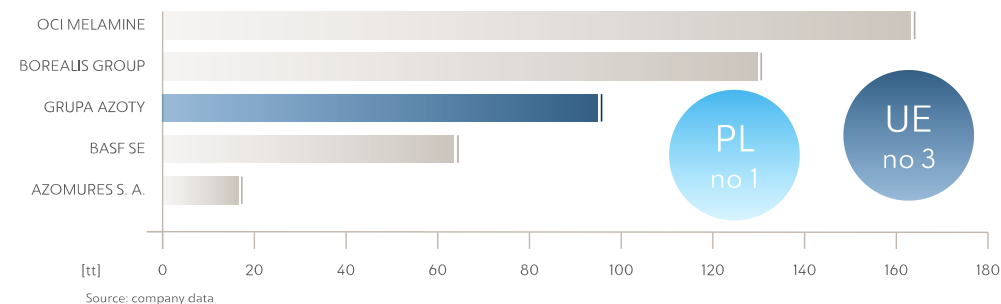
[PLN million]



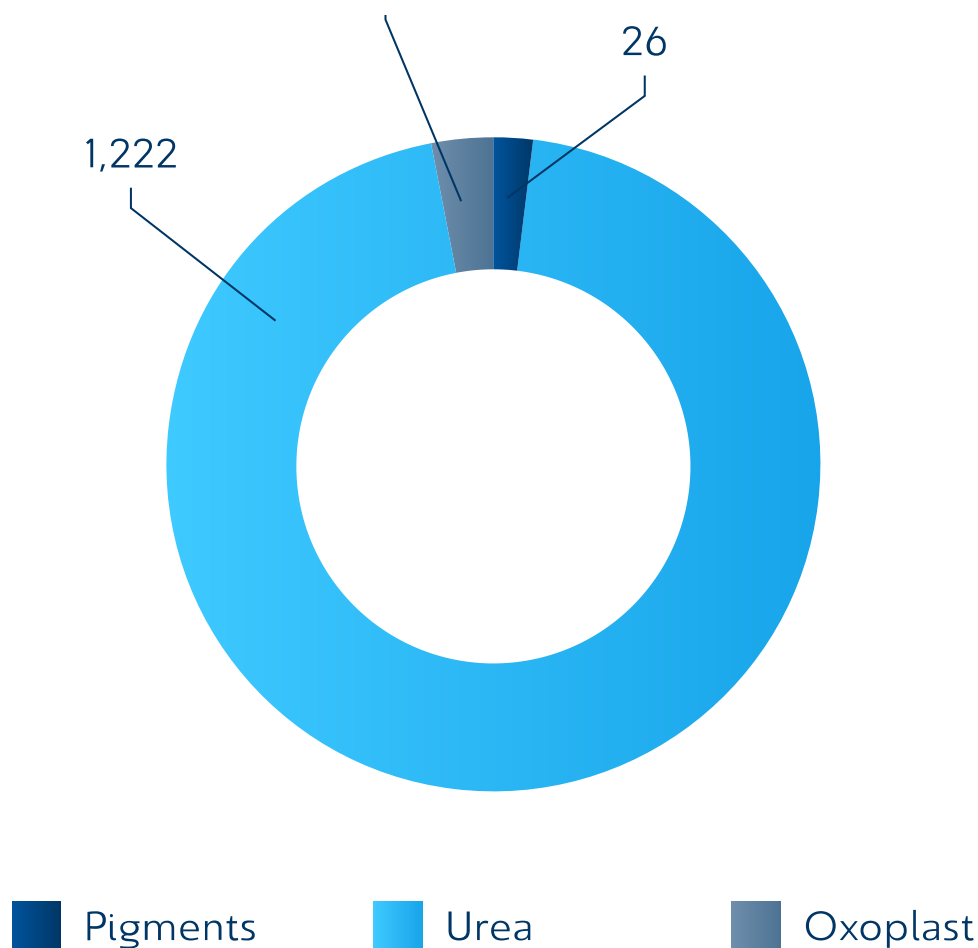
Grupa Azoty Group's production capacities vs competition (Plasticizers)



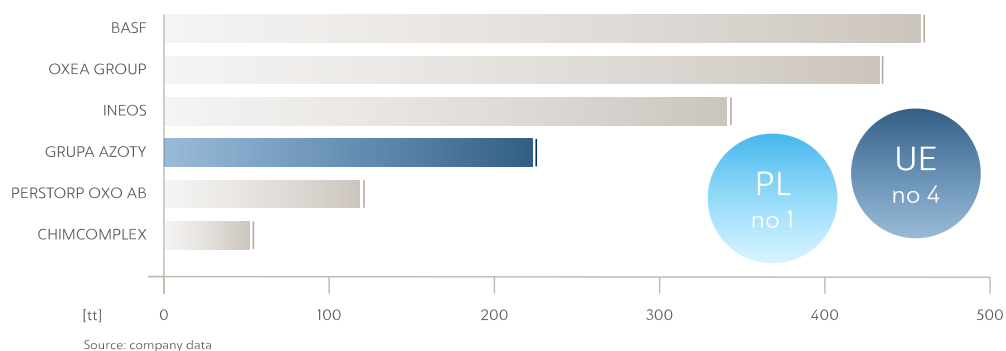
Grupa Azoty Group's production capacities vs competition (Melamine)



Product groups 2022 (Sales volume '000 tonnes)



Grupa Azoty Group's production capacities vs competition (OXO)



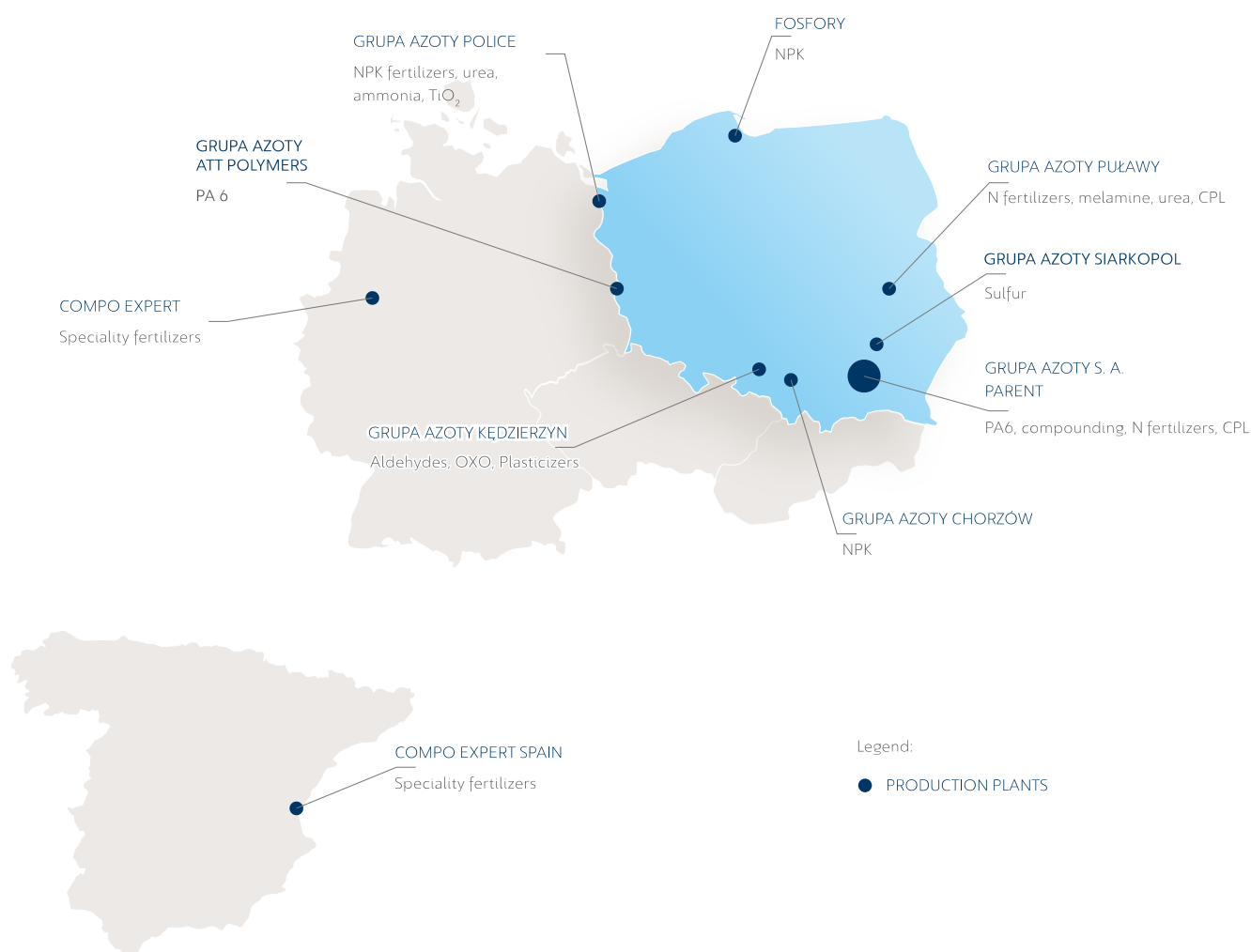
See the applications of our chemicals segment products

- OXO alcohols are used in the manufacturing processes across various industries: plasticizers, paints and varnishes, textiles and refining products, and as solvents of vegetable oils, animal fats, resins, waxes and petrochemical products.
- Plasticizers are a key additive to PVC, whose incorporation enhances the elasticity and flexibility of the material, but their applications extend far beyond this role. Plasticizers can be introduced to other polymers and products, enhancing their

overall performance. The choice of plasticizer can significantly influence the physical and chemical properties of an end product. Presently, over 90% of plasticizers on the European market are utilised by the soft PVC sector. The remaining 10% encompass a broad spectrum of applications that impact the daily lives of many people. Key applications include electrical cables and wires, film, PVC flooring, paints, hoses and profiles, wallpaper, footwear soles, upholstery, food contact materials, toys, and various others such as seals, roofing, inks, sealants, adhesives, and paints.

- Mined sulfur is used in the production of sulfuric acid applied in the chemical industry.
- Melamine is a non-toxic and non-flammable white powder used, among other applications, in the production of synthetic resins, thermosetting plastics, adhesives, paints, varnishes and fire retardants.
- Titanium white is the most widespread category of inorganic pigments characterised by the highest refractive index. Its other properties include the capacity to absorb harmful ultraviolet radiation. Industrial applications of titanium white include the manufacture of paints and varnishes, plastics, paper products, synthetic fibres, ceramics, rubber, cosmetics, pharmaceuticals and food products.
- Technical grade nitric acid finds its applications in nitrogenation processes, in cleaning of apparatus and equipment made of acid-resistant steel, in horticulture for substrate acidification, in metal treatment processes and in the plastics industry.

See the location of our production plants



[2-6]

A diversified supplier base and ongoing quest for alternative sources of supply ensure the Group's security in the procurement of strategic raw materials. Through the centralisation of large-scale purchases, we effectively minimise the costs associated with acquiring and transporting raw materials to our plants in Poland, Germany, and Spain. Furthermore, we are exploring the possibility of establishing equity links with our raw material suppliers.

[2-6]

See the markets to which we sell our products

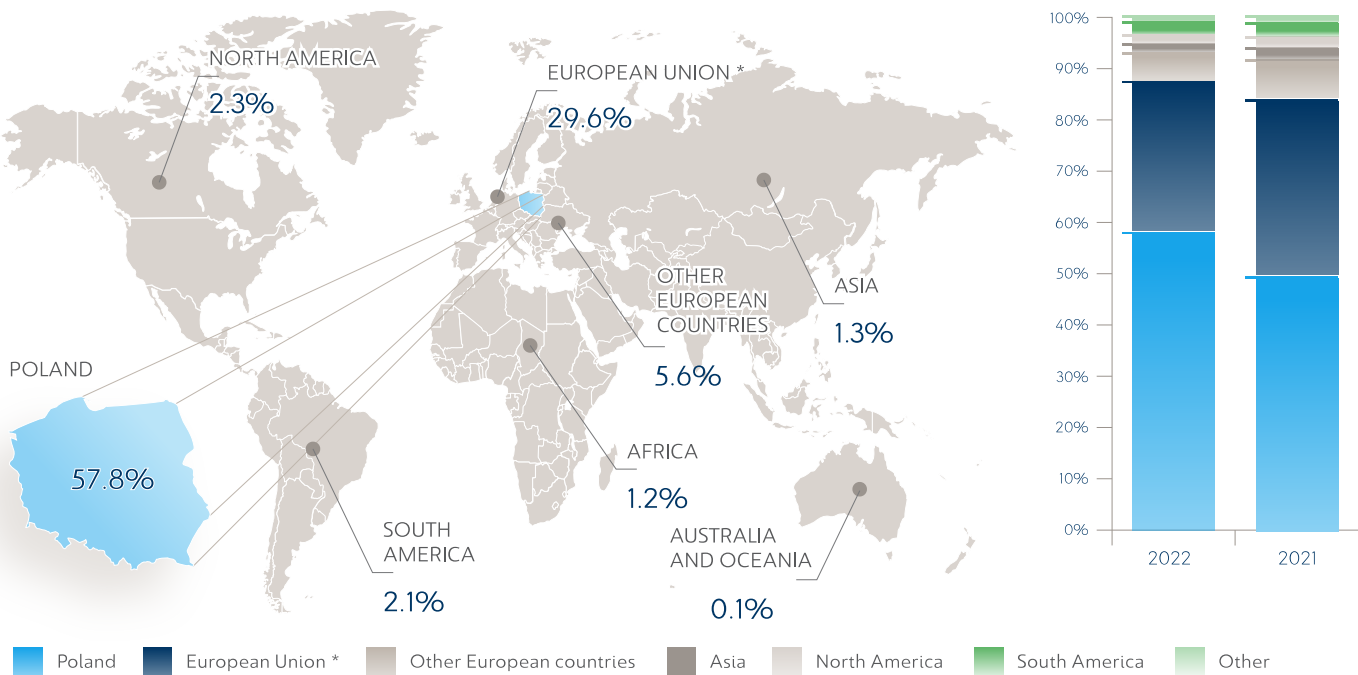
While our products find their way into markets worldwide, Poland remains our largest and most significant market, where we sell fertilizers and products of the Chemicals segment. Internationally, the largest volumes are sold in Germany, the United Kingdom, the Czech Republic, Italy, France and Belgium. Our export portfolio includes mainly fertilizers, plastics, and OXO alcohols sold to Europe, and polyamide 6 sold to Asia. Additionally, our fertilizers reach customers in South America, North America, and Africa.

A crucial aspect of the Oxoplast™ business strategy is regional diversification, exemplified by our ongoing expansion of warehouse facilities on the east coast of the US. Presently, we boast a storage capacity of 2,500 tonnes for 2-EH alcohol and 1,500 tonnes for the Oxoviflex™ plasticizer. Our ambitious goal is to sell more than ten thousand tonnes of both products annually in the US market.

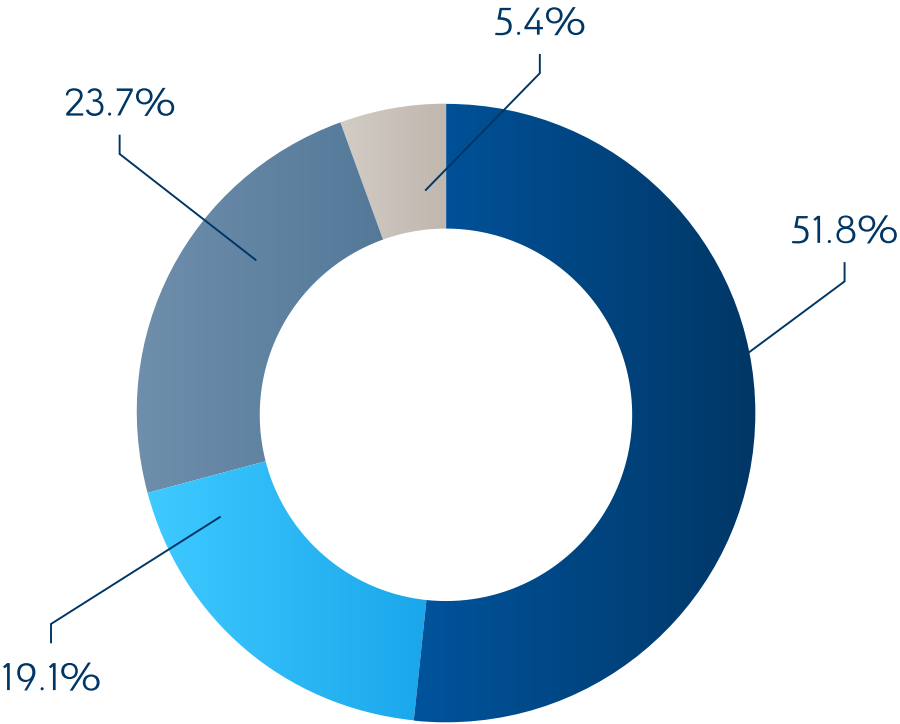
Downstream, our value chain includes customers, distributors and end users. The Group’s customer base comprises mainly producers and processors across various industries such as agricultural, food, chemical, automotive, transport, construction, paper, textiles, plastics, energy, mining and medical, as well as scientific and research institutions.

In 2022, there were no significant changes in the Grupa Azoty Group’s operating sectors, value chain or material business links relative to the previous reporting period. Furthermore, the Company and its subsidiaries do not hold any material assets in Ukraine, Russia or Belarus, and sales to those markets before the outbreak of the war in February of 2022 were immaterial, accounting for less than 2.5% of total sales. Since the outbreak of the war in Ukraine, sales of products to entities from Russia and Belarus have been suspended. Sales to the Ukrainian market, on the other hand, have been significantly reduced due to the unavailability of trade credit insurance and deteriorating financial condition of the buyers. Accordingly, the outbreak of the war in Ukraine did not have a material effect on the Group’s sales or value of its assets.

Geographic breakdown of the Group’s sales in 2022 (by revenue)



Geographic breakdown of the parent’s sales in 2022 (by revenue)



- Poland
- Germany
- Other EU countries
- Other



Value creation model

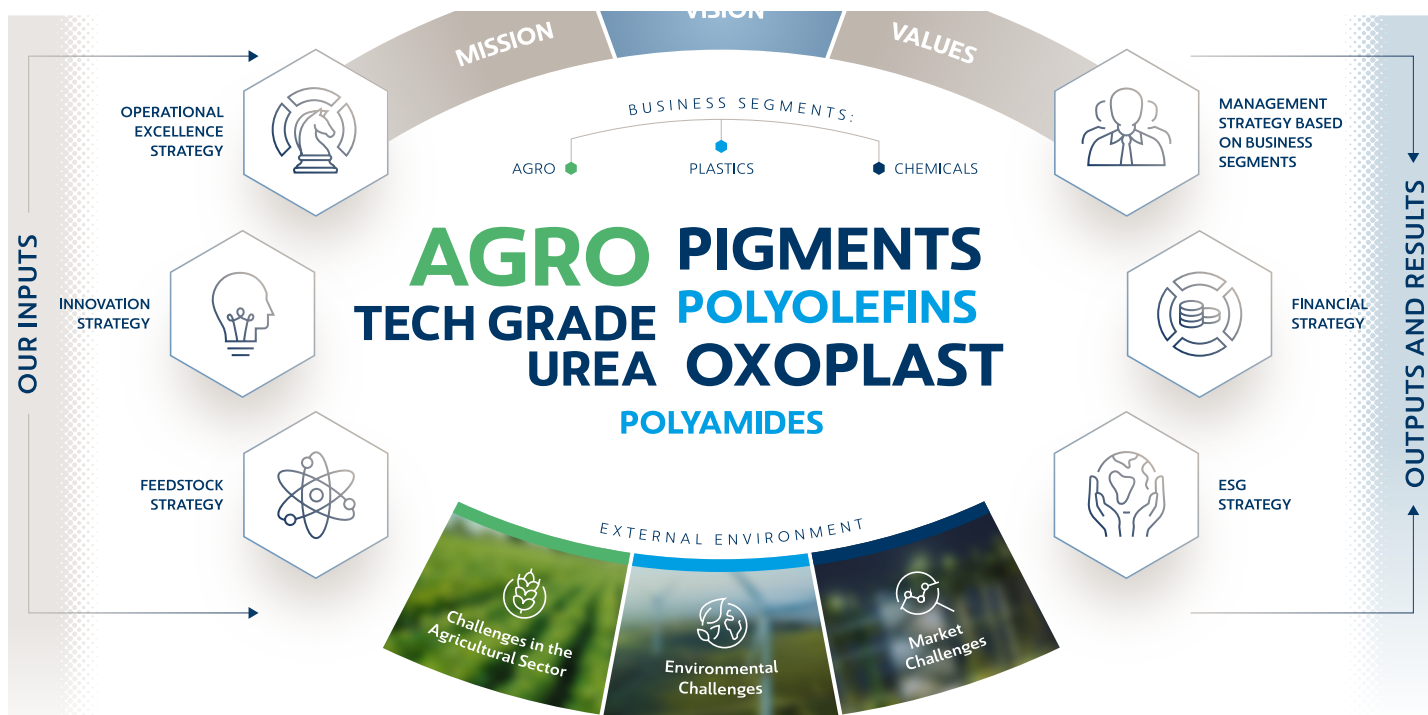
[IR - Business model] [IR - Presentation of results]

Our global efforts mitigate the domestic trade deficit in chemicals, contributing to a more balanced economic landscape. In our commitment to staying responsive to market needs, innovation stands at the forefront, strategically transforming our revenue structure in a deliberate shift towards a higher proportion of high-margin, fine speciality chemicals.

GRUPA AZOTY S.A.


Value creation model







Stable management and funding structure

OUR INPUTS

- At Grupa Azoty S.A., we regularly identify, assess and control business risks, covering ESG risks (related to environmental, social and governance issues, including climate-related risks) and regulatory risks.
- In 2022, our total assets amounted to PLN 25,865,644 thousand, of which PLN 16,948,753 thousand were non-current assets.
- Financing sources in 2022:
 - The Group's equity comprises retained earnings, share premium and share capital. Equity amounted to PLN 9,956,367 thousand.
 - The Group's external sources of finance comprised mainly bank borrowings of PLN 5,063,544 thousand, other borrowings of PLN 597,900 thousand and reverse factoring liabilities of PLN 1,287,442 thousand.
 - The Net Debt to EBITDA ratio was 0.86.
- The Group received over PLN 1,873,811 thousand in financial assistance from the government [201-4] .
- Three Group companies (Grupa Azoty S.A., Grupa Azoty Zakłady Azotowe Puławy S.A. and Grupa Azoty Zakłady Chemiczne Police S.A.) are listed on the Warsaw Stock Exchange.
- Stable management of our Group is based on market standards – in quality, environment and safety management, we align with globally recognised ISO standards (including ISO 9001, ISO 14001, ISO 45001) and applicable industry systems.
-  The Grupa Azoty Group has been taking numerous measures to prevent and offset its negative impacts on natural resources. We measure our Scope 1 and 2 carbon footprint, seeking to mitigate our impact on the climate, e.g. by implementing the TCFD recommendations (since 2020) and by analysing risks and opportunities that arise from climate change.

OUTPUTS AND RESULTS

- Improved operating performance of the Grupa Azoty Group in 2022:
 - Consolidated revenue reached PLN 24,657,853 thousand (up PLN 8,756,594 thousand on 2021).
 - EBITDA came in at PLN 2,545,495 thousand (up PLN 598,181 thousand year on year).
 - EBITDA margin was maintained at 10.3% in 2022, to reach the >16% target by the end of 2030.
 - Consolidated net profit posted by the Group was PLN 583,820 thousand.
- The Group paid PLN 104,866 thousand in income tax for 2022.
- 

In its ongoing commitment to financial security and continued funding of green investments, the Grupa Azoty Group is engaged in various initiatives. For instance, as part of our New Energy Concept, Grupa Azoty Kędzierzyn successfully completed the construction of a 1 MW solar PV system, with an investment value of PLN 3,500 thousand.
- 

The Grupa Azoty Group is consistent in its efforts to mitigate emissions by reducing coal usage, decarbonising the business and developing renewable energy and carbon-free sources.
- Looking ahead to 2030, the Group will pursue its innovation strategy, focusing on the creation of new and improved products. This strategic approach not only ensures sustained profitability, but also positions us to gain a competitive advantage.

¹The Net Debt to EBITDA ratio was calculated in accordance with the definition set out in the financing agreements of the Grupa Azoty Group.




Fixed assets and investment readiness

OUR INPUTS

- The Grupa Azoty Group is comprised of more than fifty companies.
- We have production plants in various locations, including Poland, Germany and Spain.
- We operate within three segments: Agro Fertilizers, Plastics and Chemicals.
- In 2022, our investments totalled PLN 2,746,326 thousand, of which business growth CapEx accounted for approximately 65% (up from 50% in 2021).
- In 2022, the four key Group companies undertook 152 investment projects. 120 investment projects were carried through to increase efficiency and improve production quality.
- In 2022, we established a new company under the name Grupa Azoty Energia.
- We are continuing capital projects started in recent years. In 2022, we allocated over PLN 1,533,925 thousand (PLN 705,320 thousand more than in 2021) to our largest project, Polimery Police, aimed to construct an integrated chemical complex that would comprise a marine gas handling and storage terminal, a propane

dehydrogenation (PDH) unit, a polypropylene production unit with logistics infrastructure, auxiliary facilities and interconnections.

OUTPUTS AND RESULTS

- The Grupa Azoty Group plays a significant role as one of the principal consumers of raw materials in Central and Eastern Europe, contributing to the region's dynamic development. In 2022, the cost of raw materials consumed by the Group totalled PLN 18,066,049 thousand (up PLN 7,676,042 thousand year on year).
- The Grupa Azoty Group remains Poland's largest and European Union's second largest manufacturer of mineral fertilizers.
-  The Group contributes to strengthening Poland's position on the European plastics market, including through the addition of biodegradable plastics into its product mix. Furthermore, during 2022 the Plastics segment secured the ISCC Plus certification for polyamide 6.



Innovation-driven growth

OUR INPUTS

- The amount of research and development work expensed by the Grupa Azoty Group in 2022 was PLN 23,346 thousand (relative to PLN 19,524 thousand in 2021, up by 20%).
- In line with our innovation strategy, we will allocate up to 2–3% of the Group's total revenue to research and development until 2030.
- In 2022, we commenced work on the Strategic Research Agenda for the Grupa Azoty Group, a comprehensive document outlining the Group's research and development needs. Setting out directions for the Group's development, it also serves as a strategic plan to bridge the gap between the present and the envisioned future.
- In 2022, we successfully expanded our digital repository of R&D projects spanning the last 23 years. Two new modules – Market Analyses and Patents and Licences – were introduced, offering a digital collection of all licences and patents held by the four key Group companies.
- Work was completed to transform the existing Plastics Laboratory into the Plastics Application Design and Development Centre. The Centre operates under a certified integrated quality, environmental, and safety management system (ISO 9001, 14001, 45001) and implements the IATF 16949 automotive system.
- 2022 was also the year when the Research and Development Centre of Grupa Azoty Kędzierzyn was officially launched. The PLN 39 million project will allow the company to expand the scale and scope of its current research, especially in the Oxoplast™ segment.
- We have long-standing collaborative partnerships with several dozen leading universities and member institutes of the Łukasiewicz Research Network. We jointly run both commercial projects and projects partly financed with European funds, granted via the National Centre for Research and Development under the Smart Growth Operational Programme.

OUTPUTS AND RESULTS

- In 2022, the four key companies of the Grupa Azoty Group were awarded 10 patents.



The Grupa Azoty Group mitigates its adverse environmental impacts through pro-environmental investments, including in flue gas desulfurisation, industrial wastewater treatment, and reduction of water and electricity consumption. Compared with 2021:

-we cut down the consumption of fine coal and thermal coal by nearly 18%,

-we reduced sulfur dioxide emissions by 14%,

-our carbon footprint (Scopes 1 and 2) was reduced by 1,440 thousand Mg CO₂e, or approximately 18% in relative terms.

- Agricultural innovations:

Grupa Azoty Police is considering the market launch of Polist, a liquid foliar fertilizer with an 18% amide acid content. Polist is a universal nitrogen fertilizer in liquid form recommended for all species of crop plants, including winter and spring cereals, winter rape, maize, potatoes, grassland, as well as vegetables and fruit.

In 2022, we implemented into our business the production of humic acids for Tohumus® (the main product). The new line was developed through research work carried out at the Grupa Azoty Research and Development Centre in Tarnów. We continue to work on further products, and we have confirmed that Tohumus® can be applied with Polist foliar fertilizers containing selected microelements.



Green innovations:

As part of the Green Amber project, we are engaged in continued work to develop an environmentally friendly technology for succinic acid production.

- Other innovations:



In 2022, Grupa Azoty Police implemented a project to utilise hydrogen from its propylene production unit at the ammonia production facility. In the future, this will reduce the amount of natural gas consumed in ammonia production, bringing down carbon dioxide emissions. Grupa Azoty S.A. signed a cooperation agreement with SEB-COMP under the Laboratories of the Future programme implemented by the Polish Ministry of Education and Science together with the GovTech Centre at the Prime Minister's Chancellery.



Stable market position

OUR INPUTS

- In 2022, our Group's procurement platform registered approximately 27,000 local and international suppliers (an increase of 2,000 compared with the previous year).
- The Grupa Azoty Group's reach extends to customers in 110 countries, with a focus on developing distribution in five regions: the European Union and other European countries, Asia, North America, South America, and Africa.
- The Group is an active member of industry organisations and initiatives, including those dedicated to promoting sustainability. In 2022, it expanded its involvement by joining Hydrogen Europe and ERCST.


OUTPUTS AND RESULTS

- In 2022, the four key Group companies gained new client accounts and customers: Grupa Azoty S.A. – 1,013 clients and 582 customers, Grupa Azoty Police – 704 clients and 310 customers, Grupa Azoty Kędzierzyn-Koźle – 596 clients and 249 customers, Grupa Azoty Puławy – a total of 325 suppliers and customers. Net margin, calculated as net profit or loss to revenue, posted by the Grupa Azoty Group in 2022 stood at 2.4% (compared with 4% in 2021).
- We kept expanding on new markets, leveraging COMPO EXPERT's distribution network and business links with traders on distant markets.
- The Grupa Azoty Group is Poland's largest producer of:
 - mineral fertilizers (No. 1 producer in Poland and No. 2 producer in the EU),
 - polyamides (No. 1 producer in Poland and No. 3 producer in the EU),
 - OXO alcohols (No. 1 producer in Poland and No. 4 producer in the EU),
 - plasticizers (No. 1 producer in Poland and No. 5 producer in the EU),
 - melamine (No. 1 producer in Poland and No. 3 producer in the EU).






Diversification and development of products and services

OUR INPUTS

- The continually expanding infrastructure empowers the research and development staff at each of our Group companies to test new technological solutions and undertake research into plastics and fertilizers.
- In 2022, the Grupa Azoty Group's expenditure related directly to product development (CapEx) amounted to PLN 1,788,074 thousand.
-  We are responsible for our products along the entire supply chain. We operate the Product Stewardship Programme as a member of Fertilizers Europe.

OUTPUTS AND RESULTS

-  The Grupa Azoty Group is CEE's first producer to offer fully biodegradable plastics.
- We are expanding the product portfolio to include new speciality plastics such as AZOVILEN® S and AZOVILEN® G, developed in the 'Research to develop new formulas for preparations based on urease inhibitor' project, carried out in collaboration with the Research and Development Centre of Grupa Azoty S.A.
-  We use efficient fertilizer formulas that help reduce greenhouse gas emissions, such as Fosfarm, which perfectly fits with the ambitions outlined in the EU's Farm-to-Fork strategy.
-  The Group's intention is to measure the carbon footprint of all its products.
- Our ambition is to maintain the lead in fertilizer production on the Polish market by identifying and addressing the evolving needs of farmers and consumers. Some examples of our farmer support programmes include Grounded in Knowledge, Nawozy.eu, SatAgro, etc.



Experienced team

OUR INPUTS

- The Grupa Azoty Group employs over 15,000 staff (almost 10,000 at the four key companies), maintaining an unwavering commitment to employee development.
- In 2022, the four main companies of the Grupa Azoty Group spent nearly PLN 3 million on employee training and development.
- We have run the Grupa Azoty Brand Ambassador programme through successive editions to build lasting relations between the academic community and industry. In 2022, the Group worked with six students promoting the Grupa Azoty brand within academic and scientific communities.

OUTPUTS AND RESULTS

- The Grupa Azoty Group is the largest employer in the regions where it operates.
- In 2022, female employees represented 33% of all managers and 24% of our senior management personnel [405-1] .
- We expand our intellectual capital by investing in employee development.
- In 2022, the average number of training hours per employee was 7.06 for women and 9.63 for men [404-1] .



OUR INPUTS

- We have implemented the Grupa Azoty Group Social and Sponsorship Policy (since 2013), the CSR Policy for Grupa Azoty Group Companies (since 2020), and the Charitable Policy (since 2022). Through charitable donations, the Grupa Azoty Group seeks to actively respond to the needs of its local communities, while its CSR Policy provides a framework for CSR activities.
- The total amount of donations to social causes made across the Grupa Azoty Group in 2022 exceeded PLN 4,490 thousand.
- In 2022, we paid into the economy approximately PLN 132,440 thousand of local taxes related to the operations of our largest companies [203-2] .
- 2022 saw the first edition of our Employee Volunteering Programme, delivering 10 projects focused on various environmental issues, with more than 100 people involved in the campaign.
- In 2022, we also engaged together with our employees in providing aid to refugees fleeing the war and Ukrainians who were forced or chose to stay in Ukraine. Our initiatives included financial support of PLN 1 million to given to charities (Caritas Polska and the Polish Red Cross), as well as blood donor sessions hosted by the Group's Clubs of Honorary Blood Donors.
- In association with Europe's volleyball champions Grupa Azoty ZAKSA Kędzierzyn-Koźle, we ran the Champion the Decision campaign to promote widespread COVID-19 vaccination, continuing our support to local communities in their fight against the pandemic.

OUTPUTS AND RESULTS

- We seek to make the regions where the Group operates more attractive as places to live, work, pursue passions and fulfil ambitions. In 2022, our significant infrastructure investments and services supported with a positive community impact amounted to more than PLN 616 thousand [203-1] . In addition, we announced the first edition of our Grupa Azoty START programme, aimed to develop future generations of athletes. Financial support totalling over PLN 370 thousand went to 33 entities in six provinces.
- The Grupa Azoty Group is a key partner to many nationwide sports, educational and charitable projects promoting physical activity, entrepreneurship and innovation, and helping those in need.
- We foster relationships with the Group's neighbours and customers.



STRATEGY

2021–2030 Strategy

[IR - Strategy and resource allocation]

To realise this aspiration, our guiding principles include our values, mission, vision, and the strategic framework outlined in the Grupa Azoty Group Strategy for 2021–2030.

MISSION 2030

In harmony with the environment, we manufacture fertilizers, plastics and chemical products. We improve the well-being of people who live in Europe and actively contribute to building our continent's food security.

VISION 2030

Grupa Azoty is a supplier of effective solutions and a reliable manufacturer of fertilizers, plastics and green chemical products.

VALUES 2030

- People
 - active contribution to meeting the food needs of Europeans,
 - addressing the need to increase agricultural efficiency,

- meeting the needs of contemporary agriculture.
- Development
 - implementation of novel, environmentally friendly and climate-neutral products,
 - product diversification.
- Environment protection
 - implementation of the Green Azoty strategic project,
 - taking Group-wide action to protect the environment.
- Energy
 - reducing energy consumption in chemical processes,
 - improving the energy efficiency of chemical processes and power generation,
 - energy transition to increase the share of renewable and low-carbon energy generated.

The 2030 Strategy is realistic and aligned with our needs. It represents a blueprint for transformative initiatives aimed at tackling the biggest challenges within the chemical industry, with a specific focus on environmental, social, and governance aspects. We remain vigilant in monitoring new legislation stemming from climate change concerns and the imperative to mitigate adverse environmental impacts. Our detailed roadmap towards green industrial energy, substantial emission reductions and decarbonisation of the business is encapsulated within the **Green Azoty project**.

As an integral component of our values, aspirations, and plans extending until 2030, we have formulated:



Management strategy based on business segments

The Grupa Azoty Group's management structures are built around six business segments across three areas: Agro Fertilizers, Plastics and Chemicals. The adopted organisational model delivers synergies by integrating some of its support functions and managing the enterprise through the structures of its key segments. At the same time, key development focuses identified for the individual business segments form part of the Group's strategic corporate project designated as Green Azoty.

Selected objectives in business segments:

AGRO FERTILIZERS	PLASTICS		CHEMICALS		
Agro Fertilizers	Plastics – Polyamides	Polyolefins	Tech Grade Urea	Pigments	Oxoplast
maintain the lead in fertilizer production on the Polish market and strengthen a leading position in Europe	proactively embrace the opportunities offered by circular economy	complete on schedule the Polimery Police project	expand the product portfolio	minimise the costs of processes, including through deployment of efficient technologies	diversify the product portfolio
expand the Grupa Azoty Group's foothold in new markets	strengthen the leading position as a manufacturer of modified plastics on the Polish market	enter the polypropylene market, build a base of customers and distributors	expand sales into new markets	concentrate sales of titanium white	improve production flexibility

SCROLL TABLE

AGRO FERTILIZERS	PLASTICS		CHEMICALS		
add new liquid product and granulated fertilizer formulas and other products to the portfolio	diversify the product portfolio	achieve a stable market position and grow on the market of advanced polymer products	increase storage capacity	use AI for process modelling and optimisation	grow presence and market exposure in new European markets
be actively involved in delivering the Farm-to-Fork strategy	drive further progress in process computerisation and automation	develop in R&D			assess its competitive position on an ongoing basis



Strategic Business Area – Energy

The primary objective of the Energy area is to support the Grupa Azoty Group's core business by providing energy carriers powering its chemical processes and by supporting strategically important areas while seeking to decarbonise the generation sources.

Key activities undertaken within the Strategic Business Area – Energy will be integrated with the [Green Azoty corporate project](#).



Financial strategy

The funding of our strategic plans, including the flagship project Green Azoty, has been tailored to align with the needs and capacity of the Group. To meet the demands of a substantial portfolio of strategic investments, additional funding avenues need to be explored. These may involve securing green finance through bonds or dedicated credit facilities, use of funds granted under the National Recovery Plan, and corporate financing roll-over. The key financial targets include a stable EBITDA margin of more than 16% to be achieved by 2030 and the net debt to EBITDA ratio below 3 from 2025 onwards.



ESG strategy

Our ESG strategy is centred on sustainable development, integrated with environmental protection, a social focus and responsible corporate governance. A cornerstone of this commitment is our continued endorsement of the United Nations 2030 Sustainable Development Goals.

To uphold transparency and accountability, the Grupa Azoty Group subjects itself to routine ESG assessments, which serve to gauge the Group's performance and pinpoint areas for ongoing improvement.

ESG strategy pillars:

Climate and environment





- We actively mitigate our environmental footprint through concerted efforts to reduce greenhouse gas emissions and decarbonise our production processes.
- A key aspect of this initiative involves transitioning to alternative, environmentally friendly energy sources, including zero-carbon renewables.
- We have developed and are pursuing our strategic corporate project, aptly named Green Azoty.
- We proactively identify and manage diverse climate risks, which encompasses vigilance towards regulatory changes, adapting to physical and technology risks, and addressing potential sales constraints.

Immediate environment



- We enhance our positive impact on the social and economic environment.
- We foster relationships to educate and train future staff.
- We expand projects benefitting our customers.
- We are committed to supporting causes that matter to local communities.
- We engage in social dialogue in keeping with the principle of Friendly Neighbourhood.

Safe and friendly workplace



- Employee safety is our priority.
- We respect codes of ethics and the principles of equality, applying clear recruitment and promotion criteria.
- We promote diversity encompassing gender, education, age and professional experience with respect to all employees.
- We adhere to the principles of equal treatment and non-discrimination.

Sustainable products



- We guarantee efficient, innovative and environmentally friendly production by prioritising sustainable development.
- Our intention is to measure the carbon footprint of all the Grupa Azoty Group's products.
- We expand our sustainable product portfolio by promoting efficient use of raw materials and consistently reducing energy consumption in our processes.
- We make products designed to support food security.
- We design and make biodegradable plastics.
- We apply effective fertilizer formulas helping reduce greenhouse gas emissions.

Sustainable supply chain



- We are committed to identifying and quantifying our carbon footprint, aligning our climate ambitions with the trajectory outlined in the Paris Agreement.
- In adherence to our principles, we proactively engage in ethical, socially responsible, and environmentally sustainable practices, and we expect our business partners to uphold these same high standards.

See how we support the UN goals

Our commitment	UN goals	Supporting pillars and strategic priorities
Energy transition and sustainable products	 <p>2 ZERO HUNGER</p> <p>6 CLEAN WATER AND SANITATION</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> Sustainable products <ul style="list-style-type: none"> green products circular economy Climate and environment <ul style="list-style-type: none"> decarbonisation of production energy efficiency energy transition Sustainable supply chain <ul style="list-style-type: none"> select suppliers based on shared values and goals
Education and community dialogue	 <p>2 ZERO HUNGER</p> <p>4 QUALITY EDUCATION</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> Sustainable products <ul style="list-style-type: none"> sustainable agriculture Sustainable supply chain <ul style="list-style-type: none"> shared responsibility for shaping the value chain Immediate environment <ul style="list-style-type: none"> partnership of equals as a key development driver for the organisation and region responsibility for the immediate environment
Equality, diversity and transparent dialogue	 <p>4 QUALITY EDUCATION</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> Immediate environment <ul style="list-style-type: none"> partnership of equals as a key development driver for the organisation and region stakeholder dialogue Friendly and safe workplace <ul style="list-style-type: none"> professional development equality, diversity, openness occupational health and safety



Feedstock strategy

The feedstock strategy aims to achieve efficiency gains in the utilisation of our own assets and puts an emphasis on growing the share of green energy in the consumption mix. The Group is also set to enhance scrutiny over the carbon footprint associated with



BEST PRACTICE

Business relationships in energy procurement

In 2022, Grupa Azoty S.A. and its subsidiaries extended their contractual relationship with Polskie Górnictwo Naftowe i Gazownictwo until the end of September 2023. The estimated value of annexes to the existing contract is PLN 13.4 billion. In 2023, the contract was amended to remain in force for another four years. Furthermore, Grupa Azoty S.A. concluded a tender procedure for the purchase of steam coal and entered into a framework contract with Polska Grupa Importowa Premium. Coal supplied under the contract will be an addition to the deliveries received by the Group companies from strategic suppliers.



BEST PRACTICE

Contract with Polska Żegluga Morska

In January 2022, Grupa Azoty Police and Polska Żegluga Morska signed a five-year contract for the seaborne freight of phosphate materials from Morocco and Algeria to the Police Seaport. The contract covers approximately 80% of the company's aggregate demand for the freight of phosphate materials originating in those countries, which are used by Grupa Azoty Police as feedstock to produce compound fertilizers.



Innovation strategy

By the year 2030, the Group aims to dedicate approximately 2-3% of its revenue towards research, development, pilot plants, and innovations, which will predominantly target four key areas: innovative projects, enhancement of the innovation system, support for corporate projects, and innovation aimed at mitigating the impact of policy risks. The goal is to foster the creation of high-quality new or improved products, thereby sustaining a long-term competitive advantage.



Operational excellence strategy

The operational excellence strategy is based around three pillars: logistics, capital assets management and IT. In logistics, the primary objective is to swiftly and efficiently meet the diverse needs of individual business segments. The Group is committed to selecting logistics solutions that contribute to a reduction in greenhouse gas emissions (e.g. by embracing intermodal transport). The strategy includes further expansion of the Police Seaport and development of the inland port in Kędzierzyn-Koźle. Capital assets management places a central focus on enhancing the energy and manufacturing efficiency of production assets. In the domain of information technology, the priority is to establish a uniform, coherent, and integrated IT architecture and solutions across all the Group's business segments, which will elevate efficiency and service levels. As regards ICT security, the Group will deploy solutions designed to facilitate centralised management.

SEE MORE

For a detailed overview of the respective strategies, see the [Grupa Azoty Group Strategy for 2021–2030](#) and the [Grupa Azoty Group Integrated Report for 2021](#).

2030 Strategy in figures:



>16%



EBITDA margin



<3.0



debt to EBITDA ratio as of
2025,




>40%




of consolidated net profit

following completion of the strategic CapEx
programme



**by
65%**



reduction of Grupa Azoty
Group's coal consumption

relative to 2020



**PLN
2.7 bn**



approximately for green and
decarbonisation projects



min. 40%



average share of RES in
electricity generation



51%



reduction in carbon footprint

of purchased electricity.

In 2022, efforts were continued to prepare the implications of the Grupa Azoty Group Strategy and to operationalise the Strategy across its various companies. All the companies formulated and adopted the implications of the Grupa Azoty Group Strategy for 2021–2030.

See the 'Strategy Implications' for [Grupa Azoty Police](#) and [Grupa Azoty Puławy](#).



Learn more about the Green Azoty project

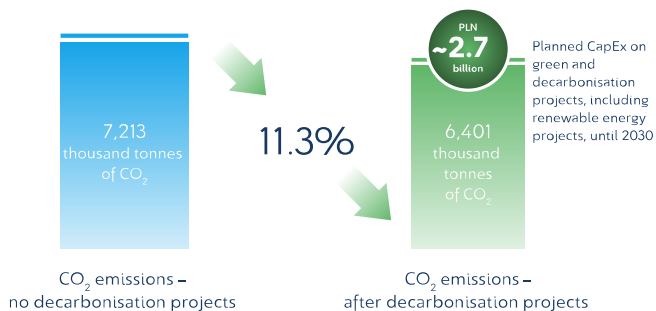
At the Grupa Azoty Group, we acknowledge the pressing realities of climate change and environmental degradation, recognising them as significant threats to the contemporary world. Consequently, the **Green Azoty project** stands as a cornerstone within our 2030 Strategy. Its principal objectives encompass the vital tasks of decarbonisation, emissions reduction, implementation of research projects aligned with the European Green Deal, and integration of new, environmentally friendly, and zero-carbon energy sources. In alignment with these objectives, the cumulative capacity of our new renewable energy sources is slated to reach approximately 300 MW by 2030. Additionally, our commitment extends to a targeted reduction of over 800,000 tonnes in estimated CO₂ emissions by 2030. In 2022, Grupa Azoty S.A. resolved to establish a trading company under the name Grupa Azoty Energia as a vehicle to operationalise the Group's climate neutrality and energy transition strategy.

Key aspects of the Green Azoty project:

- environmentally-minded diversification of raw material supplies,
- delivery and reporting of the ESG strategy,
- implementation of technological solutions involving renewables as alternative green energy sources,
- striving towards decarbonisation and reduction of harmful environmental emissions,
- R&D projects aligned with the objectives of the European Green Deal,
- green hydrogen and ammonia initiatives.

2020 → 2030

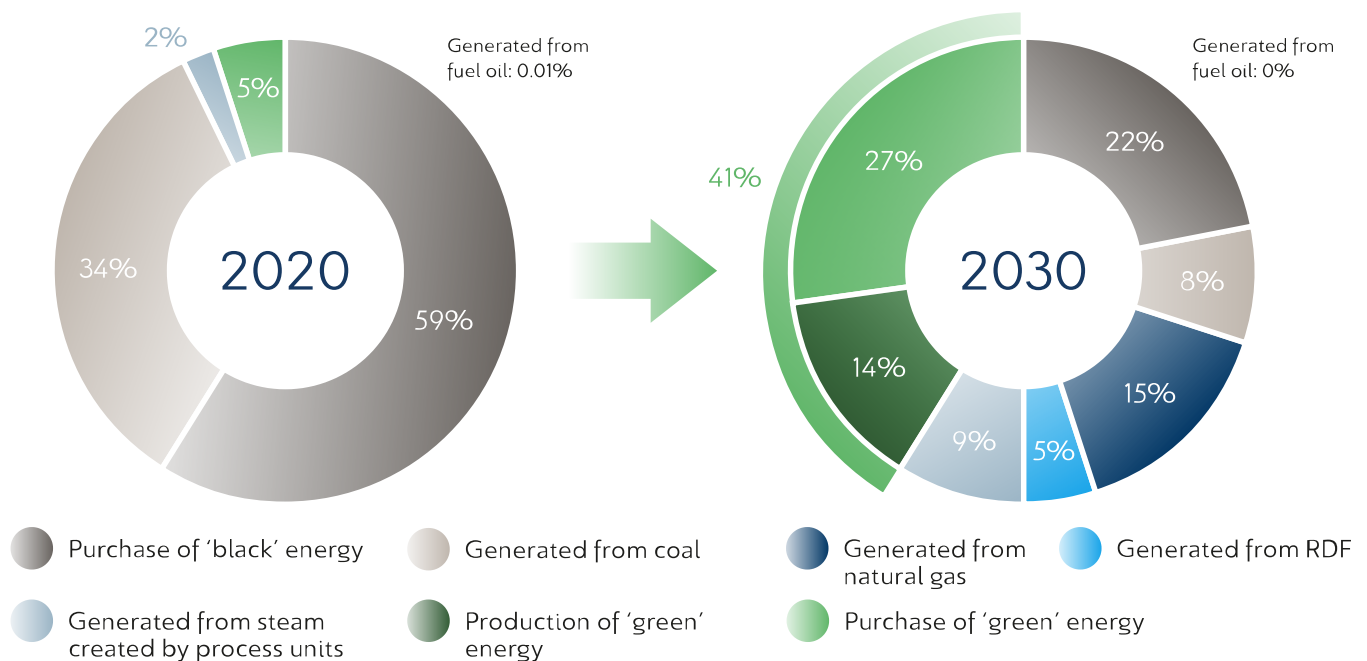
Emission reduction target of the Group: 2030 vs 2020



2020 → 2030



Energy generation at Grupa Azoty, by source



We are committed to investing PLN 2.7 billion in the energy transition of the Grupa Azoty Group by 2030, with the implemented solutions projected to yield annual savings of PLN 200 million.

Our focus on the energy transition extends beyond future plans, with tangible actions being undertaken now, leveraging our own assets. In 2022, such projects included **the successful launch of a 1 MW solar PV system by Grupa Azoty Kędzierzyn**. The investment is anticipated to result in an estimated annual reduction of approximately 793 tonnes of carbon dioxide emissions, along with a decrease in particulate matter and other compounds released through coal combustion, including nitrogen oxides and sulfur dioxide.

In 2022, we defined a term sheet for the **acquisition of Solarfarm Brzezinka, an RTB solar PV farm project with a capacity of at least 270 MWp together with auxiliary infrastructure, located in Brzezinka and Syców**. While the term sheet is not a binding commitment to consummate the proposed transaction, the parties agreed to negotiate the sale and the transaction in good faith. Potential closure of the transaction holds the promise of substantially contributing to the objectives outlined in the Grupa Azoty Group Strategy for 2021–2030 where it provides for acquiring our own renewable energy sources. The total value of the investment is estimated at approximately EUR 240 million.

Seeking to **accelerate our energy transition**, we want to **integrate the hydropower company ZEW Niedzica into our Group**. Potential integration will be discussed with the Polish State Treasury, as the sole owner of the hydropower plants. The principal business of ZEW Niedzica involves the generation of renewable energy from hydropower assets – the pumped-storage hydroelectric power station in Niedzica, and the hydroelectric power plants in Sromowce Wyżne on the Dunajec River, and in Łęczany and Smolice on the Vistula River. Their annual electricity output is approximately 100 GWh.

In 2022, **Grupa Azoty Siarkopol** announced plans to **launch a 2 MWp solar PV farm on reclaimed mining land in Dobrow**. All its output will be used to cover the chemical plant's energy requirement. By 2024, the company also expects to launch solar PV farms on the premises of the Osiek Mine (ca. 2 MWp) and the Water Treatment Station in Turek Mały (up to 350 kWp).



~300 MW

Total new renewable
energy capacity



PLN 200 million

Avoided cost of energy
purchase

As an integral component of the Green Azoty project, we are also planning to develop the hydrogen market.

As the largest hydrogen producer in Poland, we are poised to undertake comprehensive research into the possible applications of hydrogen. This initiative extends to continued advancement of fuel cells, culminating in the launch of an accredited laboratory that would test the quality of hydrogen used in fuel cells for transport applications. Furthermore, we are committed to leveraging our knowledge and expertise in developing national and European regulations for the hydrogen market. This commitment is exemplified through our active participation in industry initiatives such as the Hydrogen Agreement, the European Hydrogen Alliance, and Hydrogen Europe. We are a member and founder of the Lower Silesian and the Silesian and Lesser Poland Hydrogen Valleys, as well as a signatory of the letter of intent to establish the West Pomeranian Hydrogen Valley.

[Read more about the alternative fuel laboratory](#)



BEST PRACTICE

Grupa Azoty again awarded a distinction in the Decarbonisation Initiatives Ranking

Grupa Azoty Puławy was named among winners of the second edition of the Decarbonisation Initiatives Ranking of the PTWP Group, showcasing the most interesting, imaginative and effective initiatives to reduce greenhouse gas emissions. The Ranking leaders were selected by the Board of the Green Index campaign, consisting of representatives of environmental protection institutions, organisations and experts.

Grupa Azoty Puławy was recognised for its R&D project designated as 'Development and implementation of advanced process controls (APC) for the ammonia production unit'. The project's outcomes include a net surplus in steam production at the unit, amounting to at least 38.2 MJ/t of ammonia, with a simultaneous reduction in natural gas consumption by at least 8.5 Nm³/t of ammonia, while maintaining the unit load at a constant maximum level. The carbon footprint of ammonia depends on the energy intensity of the production process, particularly the consumption of natural gas and high-pressure steam. The export of steam is a key factor in mitigating the carbon footprint associated with ammonia production. The project was successfully implemented, reducing the carbon footprint on a single production line by more than 20 kg CO₂/t of ammonia.





BEST PRACTICE

Commissioning of the FGD unit

In 2022, Grupa Azoty S.A. completed the commissioning work on the flue gas desulfurisation unit for boiler K-5, achieving a reduction in SO₂ and particulate matter emissions in line with BAT conclusions. The work included enhancements to the absorber's performance, installation of a new circulating tank, pumping station, and wastewater treatment system. In addition, the efficiency of ancillary process units was improved. Flue gas is desulfurised in a wet magnesium process, a novelty in Poland, characterised by a high degree (ca. 95%) of sulfur dioxide absorption. The product of the desulfurisation process is magnesium sulfate heptahydrate, which can be used in agriculture as a foliar magnesium fertilizer.

Green Azoty is also about:

- development of battery cell technology,
- recycling technology for polymer plastics,
- phosphorus and potassium recovery from alternative sources,
- exploring the feasibility of carbon sequestration for underground storage,
- new research into biodegradable coatings for granular fertilizers, fertilizers for application in forest areas, urease and nitrification inhibitors and fertilizer formulas enriched with micronutrients from utilised cement waste streams,
- step-up of activities related to precision farming.



Przeczytaj więcej o laboratorium paliw alternatywnych

The chemical sector, bolstered by its research facilities and competencies, stands poised to make significant contributions to the advancement of hydrogen energy. Implementation of the EU Hydrogen Strategy at the Grupa Azoty Group is viewed as an opportunity to drive our organisation's future growth.

EU Hydrogen Strategy:

PHASE 1 – 2020-2024:

- establishing a regulatory framework for the hydrogen market
- seeking to bolster supply and demand in the pioneer markets

PHASE 2 – 2025-2030:

- converting part of the gas grid to support transmission of renewable hydrogen over longer distances
- developing a framework for a pan-European hydrogen logistics network
- creating an open and competitive hydrogen market

PHASE 3 – 2030-2050:

- decarbonising 'hard to abate' sectors of the economy, including aviation, shipping and construction
- using around one-fourth of renewable electricity to generate renewable hydrogen

The fuel cell system in hydrogen-powered vehicles requires high quality hydrogen – even traces of impurities may adversely affect the performance and durability of the fuel cell. This is why at **Grupa Azoty Kędzierzyn** we are developing an **Alternative Fuel Laboratory**, with a specific focus on hydrogen analysis. In 2022, the company entered into a PLN 19.5 million-worth agreement with the general contractor. The facility will feature a hydrogen analysis laboratory, complete with a physical and chemical testing lab, alongside a metal analysis lab and requisite facilities to support both departments. Slated for completion in the first quarter of 2024, the laboratory will assess the quality of hydrogen production for adherence to the specifications outlined in ISO 14687:2019. The standard defines strict criteria for the purity of hydrogen to be used in fuel cells, including the maximum allowed contents of fourteen gaseous pollutants and one other pollutant in hydrogen. We aspire for our laboratory to emerge as a central hub for hydrogen fuel quality inspections in Poland.



STRATEGY

Our future

[\[IR - Prospects for the future\]](#) [\[IR - Organisational overview and external environment\]](#)

We keep track of market developments across all our operational domains. Despite the vast scale of our operations, the Group remains agile, capable of adapting to any shifts in market conditions, meeting stakeholder expectations, and aligning with global trends. While acknowledging that even the most thorough analyses may fail to capture all potential factors, such as the recent spikes in natural gas prices, we strive to optimally prepare for future challenges.



See how we prepare for challenges facing agriculture

In 2022, we fully aligned our operations with Regulation (EC) 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH Regulation). In accordance with its provisions in force since July 2022, chemical substances manufactured in or imported into the EU must be registered and evaluated for human and environmental safety. Manufacturers and importers of chemical substances are also required to provide information to users regarding the safe use of such substances, whether in unprocessed form or in mixtures (forming part of other products), by means of material safety data sheets.

The entire REACH Regulation entered into force on July 16th 2022, opening the single market on uniform conditions to, in addition to mineral fertilizers, fertilizing products which had not yet been covered by harmonised regulations: organic fertilizers,

organic and mineral fertilizers, soil improvers, inhibitors, biostimulants, growing media and mixtures. In October 2022, a new consolidated version of the REACH Regulation was published, laying down requirements for EU fertilizing products containing inhibitors and for further processing of digestates. In addition, work is in progress on delegated acts with which the European Commission intends to supplement the REACH Regulation.

The Group complies with the new obligations set forth in Regulation (EU) 2019/1009 laying down rules on the making available on the market of EU fertilizing products. In 2022, it signed an agreement with Polskie Centrum Badań i Certyfikacji S.A. (PCBC) concerning conformity assessment of EU fertilizing products and supervision over the system ensuring quality of production at the Group companies engaged in the manufacture of fertilizers. PCBC is the Polish body authorised to assess the conformity of fertilizing products under Regulation (EU) 2019/1009.

See what changes will be brought in by regulation 2019/1009 for manufacturers



Our approach to addressing challenges in the agricultural industry:

Current offer:

- precise fertilizer application leveraging satellite technology and artificial intelligence,
- environmentally friendly fertilizers,
- production of humic acids to support sustainable agriculture,
- [Grounded in Knowledge soil research programme](#),
- provision of agronomic advice.

Future plans, as outlined in the 2030 Strategy, are to expand the product portfolio with the addition of:

- new liquid product formulas, containing, among other nutrients, potassium and microelements,
- granulated fertilizers with nitrification inhibitors and microelements, as well as mineral-organic fertilizers,
- calcium fertilizers,
- line of products to support organic farming,
- other new products, including soil conditioners, nitrification inhibitors,
- fertilizers with a beneficial microbial content.



The ongoing investments we have undertaken over the years have yielded positive outcomes, even as we acknowledge the considerable environmental challenges that still lie ahead. Our initiatives are aligned with the evolving regulatory landscape, as exemplified by the Fit for 55 agenda, forming part of the European Green Deal. We understand that our Group, along with the broader chemical industry in Europe, must navigate increasing regulatory pressures linked to climate change. The pressure on emissions reporting is also set to intensify.

The Fit for 55 package of legislative reforms includes:

- changes in the Emissions Trading System (EU ETS),
- Effort Sharing Regulation,
- Renewable Energy Directive,
- Energy Efficiency Directive,
- new mechanism for adjusting prices at borders to take account of CO₂ emissions.

Our approach to addressing environmental challenges:

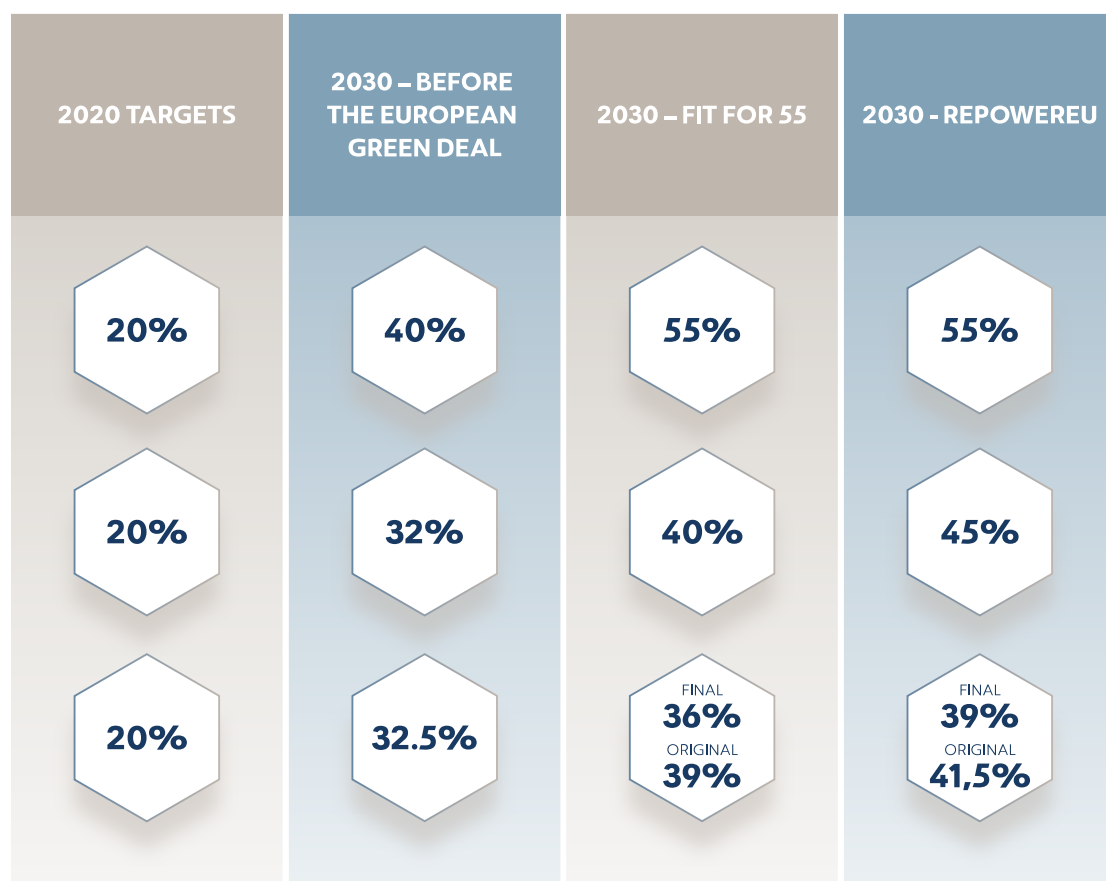
Current actions:

- we reduce emissions,
- we measure and report our carbon footprint,
- we help advance a circular economy.

Our plans, as outlined in the 2030 Strategy:

- implement the Green Azoty project,
- diversify energy sources with a gradual shift away from coal toward greener alternatives, including renewables,
- leverage synergistic links between energy and chemical installations,
- reduce energy consumption per product unit, including 30% reduction in energy intensity of the SMR process by 2024,
- deploy new technical solutions, energy-efficient equipment and smart control techniques,
- align energy installations with BAT conclusions.

European Union raising its ambitions on climate action and energy transition



See how we prepare for market challenges

Key factors significantly impacting our operations in 2022 included Russia's military invasion of Ukraine, which impeded the post-pandemic economic recovery. The ensuing energy crisis, particularly acute in Europe, intensified the volatility, instability, and unpredictability of the commodity market, notably in the case of natural gas. The global economic slowdown and contraction triggered a steep rise in inflation and interest rates, affecting demand in our operational markets. A decline in demand was seen starting from the second half of 2022. In response to the challenges and disturbances on the global energy market, the European Commission presented its REPowerEU plan for saving energy, producing energy from renewables and diversifying its supplies. As at the date of this report, the military conflict across our eastern border persisted, and the time of its resolution remained uncertain.

Our approach to addressing market challenges:

Current actions:

- we have joined the discussion on the EU CBAM, which is putting a carbon price on certain goods imported from outside the European Union based on CO₂ emissions,
- we enter into long-term contracts for the supply of energy commodities with reliable and proven suppliers.

Future plans, as outlined in the 2030 Strategy:

- ensure the continuity and security of supplies based on our feedstock strategy,
- implement Green Azoty and a range of related strategic initiatives, including energy diversification and green energy projects.



RISKS

Risk management

[3-3] [\[IR - Risks and opportunities\]](#) [\[IR - Corporate governance\]](#)

The adopted process underlies some of our corporate governance arrangements. Its effective implementation ensures that our management bodies, supervisory bodies, and shareholders receive timely, reliable, and well-structured information on risks associated with the Group's business. Our risk management practices are an integral part of the corporate management process, aiming to mitigate uncertainty and establish enduring safeguards for the Group's value.

To codify the rules of conduct, we have devised a model for the enterprise risk management system, which incorporates process models, system procedures, and instructions. The key framework for the enterprise risk management system is provided by a corporate procedure entitled *Enterprise Risk Management at the Grupa Azoty Group*, which sets out the scope of responsibilities and procedures for each entity participating in the process. Direct supervision over the implementation and contents of the document is exercised by the Head of the Enterprise Risk Management Department at Grupa Azoty S.A., while the Vice President of the Grupa Azoty S.A. Management Board is responsible for monitoring its implementation.

Enterprise risk management is a continuous, iterative process at Grupa Azoty S.A. It is a dynamic cycle of ongoing identification and analysis of risks, with subsequent steps that involve monitoring, control, and mitigation of the identified risks. The process incorporates periodic evaluations of enterprise risks, leading to their verification, potential updates, and prioritisation.

At the Grupa Azoty Group, our ERM system employs a two-tier risk classification across six categories, encompassing:

- strategy, organisation and management,
- financial and credit risks,
- core business risks,
- social and environmental risks,
- safety and security risks,
- market and policy risks.



RISKS

Management of climate risks

[\[IR - Risks and opportunities\]](#)

TCFD recommendations with respect to disclosure of climate-related risks and opportunities

Provided below is a detailed overview of the Grupa Azoty Group's methodology for identifying, managing, and addressing climate risks and opportunities associated with the transition towards a low-carbon economy. Our approach integrates climate change adaptation measures with efforts to mitigate the Group's adverse climate impacts, aligning these activities with our systems, processes, and the overarching business strategy.

Climate-related risks and opportunities

TCFD was established to develop clear recommendations on the disclosure by companies of the information sought by investors, lenders and insurers to properly assess and measure climate-related risks and opportunities. TCFD recommendations are structured around four thematic areas that represent core elements underlying an organisation's operations: governance, strategy, risk management, as well as metrics and targets. The areas are interconnected and should operate in conjunction to provide an effective framework for managing the climate change risks.



Governance

Supervision and role of the Management Board and senior management in managing climate-related opportunities and risks



Strategy

The Grupa Azoty Group Strategy for 2021–2030 reaffirms the Group's priority commitment to a climate neutrality and energy transition.



Climate risk management

Risk identification at the Grupa Azoty Group is a continuous process carried out by directors, unit heads and managers in charge of individual business areas.



Metrics and targets

In response to climate risks and plans to mitigate such risks, the Grupa Azoty Group, in accordance with the principles of the enterprise risk management system, defines relevant actions, targets and metrics.

Governance

Supervision and role of the Management Board and senior management in managing climate-related opportunities and risks

In 2022, the Grupa Azoty Group implemented an Environmental Policy mandating the application of a precautionary approach that involves identification and effective management of risks at every stage of its operations, and requiring that any improvement measures be preceded by comprehensive analysis of each risk and its relevance to the organisation's functioning and its external environment.

Overall supervision of the enterprise risk management system lies with the Management Board of Grupa Azoty S.A. At least once a year the Management Board assess the system for effectiveness, also in terms of how well it manages climate-related risks. All aspects related to climate change are overseen and monitored at the Group's highest level, within areas identified as crucial in the Strategy development process. There is also a Development Committee at the Group whose role is to support the Strategy implementation, giving opinions on proposed investment projects and activities spanning research, development and innovation. All such planned activities are also assessed for alignment with the EU Taxonomy according to Regulation (EU) 2020/852 of the

European Parliament and of the Council of June 18th 2020 on the establishment of a framework to facilitate sustainable investment.

[2-12]

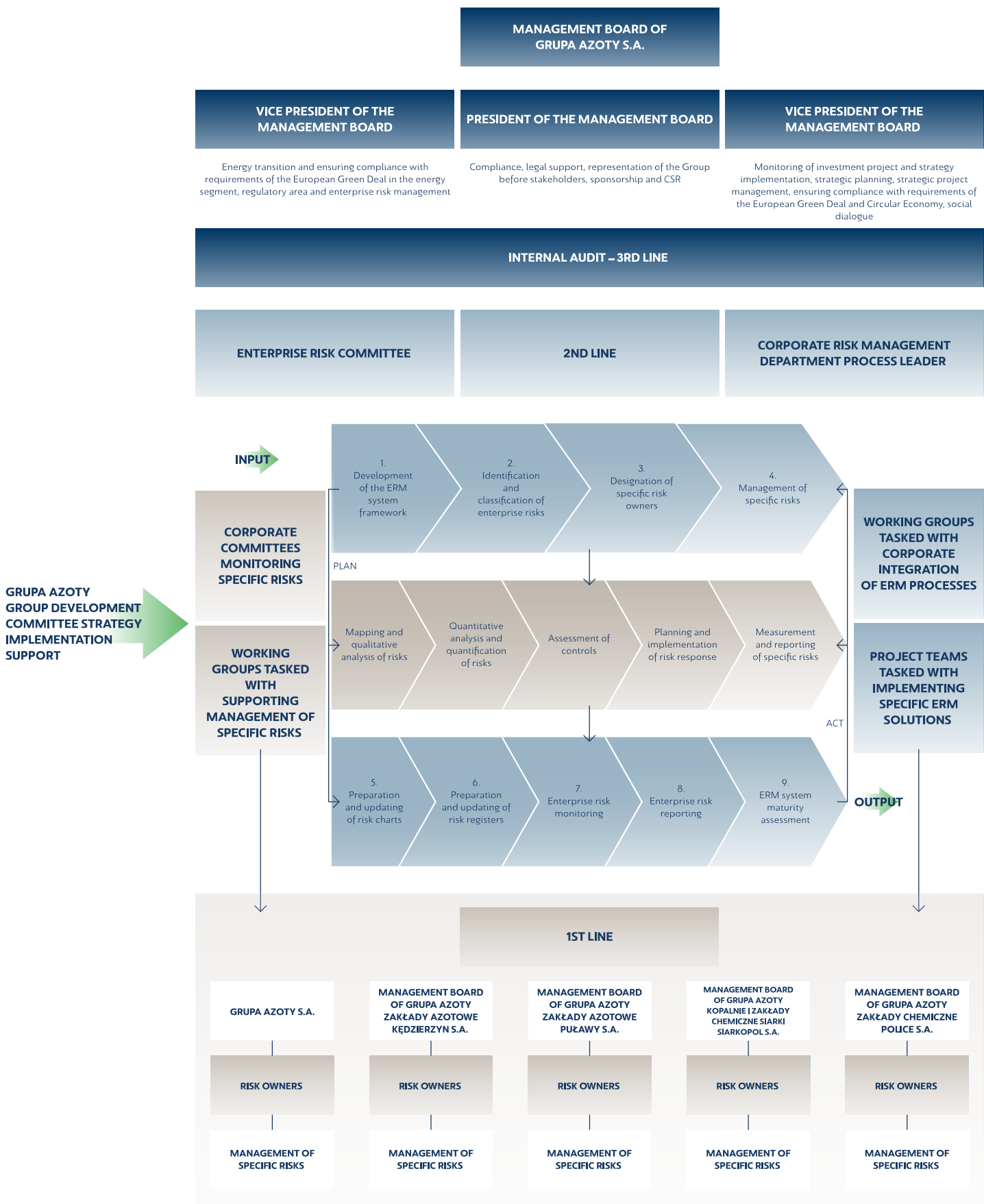
In 2022, the following persons were responsible for overseeing sustainability at the level of President of the Management Board as well as Members of the Management Board within their respective remits:

- Tomasz Hinc – President of the Management Board – compliance, legal support, representation of the Grupa Azoty Group before stakeholders, sponsorship and CSR;
- Filip Grzegorzczuk, PhD – Vice President of the Management Board – energy transition and ensuring compliance with requirements of the European Green Deal in the energy segment, regulatory area and enterprise risk management;
- Dr Grzegorz Kądziałowski – Vice President of the Management Board – monitoring of investment project implementation at the Group, strategic planning and monitoring of the Strategy implementation, strategic project management (excluding energy transition), ensuring compliance with requirements of the European Green Deal, adaptation of the Group to the circular economy concept and social dialogue.

Stakeholder dialogue is conducted by individual organisational units, while the feedback collected is examined and, if deemed necessary, communicated to the Management Board for ongoing scrutiny. As a next step, the Management Board may decide to implement the conclusions drawn from these analyses.

In 2022, work was under way to establish environmental, social, and governance (ESG) management as a separate area within the Group's organisational structure. In January 2023, the Management Board passed a resolution to assign the ESG remit to Marek Wadowski, Vice President of the Management Board.



Enterprise risk management model of the Grupa Azoty Group



In addition, individuals responsible for managing and overseeing specific climate and environmental risks were appointed at each company. Based on the Enterprise Risk Management Policy, confirming compliance of the Group's procedures with the ISO 31000:2018 standard, so-called 'risk owners', i.e. individuals authorised to manage specific risks, were appointed.

Climate risk owners

	Risk name	Risk owner
	Policy risk arising from the climate transition occurring through implementation of the European Green Deal reforms	Corporate Regulation and Public Affairs Department
	<p>Risk of increased exposure to failures, accidents and stoppages of production facilities and technological constraints resulting from physical effects of climate change</p> <p>Risk of extreme weather and natural disasters resulting from the physical effects of climate change</p>	Corporate Technology and Energy Department, auxiliary role: Company Crisis Management Team taking action in response to specific crisis events
	Risk associated with energy consumption and usage, and compliance with the ISO 50001:2018 standard	Corporate Technology and Energy Department, auxiliary role: ISO 50001:2018 Energy Management Team
	Risk of inability to conform to the requirements of a low-carbon economy and achieve decarbonisation targets within the set time frame	Corporate Strategy and Development Department, auxiliary role: Corporate Energy Transition Team and Carbon Footprint Team
	<p>Risk related to the management of CO2 emission allowances</p> <p>Adverse impact of prices prevailing on the market of CO2 emission allowances within the EU ETS attributable to a limited amount of allowances put on the market, which are needed by Group companies to offset their CO2 emissions</p>	Corporate Finance Department, auxiliary role: Corporate Committee for Hedging the Prices of Natural Gas and CO2 Emission Allowances, Natural Gas and CO2 Emission Allowance Price Analysis Team
	<p>Risk related to the monitoring and management of direct and indirect emissions of greenhouse gases and other air pollutants</p> <p>Risk that the company will emit excessive volumes of greenhouse gases and other air pollutants, including the risk of exceeding the emission limits specified in environmental decisions. Risk of failure to take sufficient measures to reduce emissions</p>	Corporate Technology and Energy Department
	Risk of a decline in fertilizer sales due to physical climate change	Corporate Agro Sales Department
	Risk of a decline in sales of chemicals due to market constraints and shifts in consumer behaviour as a result of more widespread adoption of pro-environmental attitudes	Corporate Agro Sales Department
	Risk of a decline in sales of certain plastic materials as a result of tighter requirements on plastic recycling and shifts in consumer behaviour as a result of more widespread adoption of pro-environmental attitudes	Plastics Business Segment
	Risk of adverse impacts on biodiversity and wild natural habitats	Corporate Technology and Energy Department

	Risk name	Risk owner
	<p>Risk related to investor relations and compliance with disclosure requirements</p> <p>Risk that the company will not comply with its obligations resulting from stock market listing</p>	Corporate Investor Relations Department
	<p>Reputational risk related to ineffective communication of social initiatives and ESG projects</p> <p>Risk related to negative perception of the company by the public and downgrades of ESG ratings due to insufficient disclosures, incomplete reporting of ESG activities and insufficient preventive measures to counter the chemical sector's stigmatisation</p>	Corporate Communication and Marketing Department



Strategy

The Grupa Azoty Group Strategy for 2021–2030 is aligned with the Group's climate neutrality and energy transition goals. Throughout 2022, the Group was involved in activities and made strategic investments envisaged by the document. Our Strategy is a proactive response to risks and opportunities brought about by the unfolding climate change. Climate-related risks, given their direct impact on the Group's long-term strategic standing, are viewed as a key consideration in decision-making. These challenges, alongside other ESG considerations, delineate targeted action areas aimed at bolstering the Group's stability and resilience.

Strategic measures planned by the Group underscore a steadfast commitment to innovation, propelling the quest for novel, environmentally friendly solutions and products. As part of its strategic initiatives, the Group will focus on raising the proportion of green energy, certified with origin credentials, in the overall energy mix, with rigorous procedures in place for monitoring the carbon footprint of externally sourced raw materials. The Strategy sets a clear trajectory for reducing the carbon footprint in production processes, aligning with customer expectations.

The Group has taken steps to assess risks associated with the environmental impacts of its business both in day-to-day operations, and in terms of its medium- and long-term objectives. In developing the Grupa Azoty Group Strategy for 2021–2030, due consideration was given to innovation and sustainability efforts. Strategic plans include new investments in low-carbon or zero-carbon heat and energy sources. A comprehensive review of the resilience of our business model was initiated in 2022, taking into account the targeted levels of emissions and pollutant concentrations.

The Grupa Azoty Group identifies business opportunities in the evolving perceptions of environmental and climate issues. The risk identification process extends beyond challenges, recognising also opportunities to secure funding for innovative technology projects or the development of environmentally friendly products. Simultaneously, potential avenues for enhancing energy efficiency and cost effectiveness have been discerned.

Climate-related risks and opportunities prioritised by our Strategy

One of the key climate risk areas addressed by the Grupa Azoty Group Strategy for 2021–2030 centres on navigating the transition toward a low-carbon and climate-resilient economy.

At the forefront of climate risks lie those associated with the regulatory regime, a key focus within the enterprise risk management (ERM) system, i.e. climate transition risks triggered by EU-wide reforms introduced under the European Green Deal. Such risks may arise from tightening legal requirements of the European Union's climate policy, as exemplified by the Fit for 55 package. Potential amendments to EU directives and regulations applicable to the Group's principal manufacturing and trading activities may give rise to policy risks of curtailing the use of the Group's products by customers in EU countries. Such policy transition risks may have far-reaching implications, affecting the Group's competitiveness, market position, demand for its products, and capital expenditures, driven by regulatory pressures to expedite the transition.

The climate-related policy risks may be compounded by other factors, notably geopolitical risks. The invasion of Ukraine by the Russian Federation has injected an additional layer of unpredictability into the markets, affecting the attainment of earlier targets for greenhouse gas emissions and transition plans.

Risk response

The Group maintains a vigilant stance, monitoring projects and proposals put forth by administrative bodies, encompassing amendments to existing laws and the formulation of new legislation. By engaging with European associations and collaborating with Polish institutions (e.g. the International Fertilizer Industry Association, Business & Science Poland), the Group is committed to proactively responding to any imminent legislation changes. The Group conducts analyses of the risks associated with emerging regulatory trends, draft amendments, or proposed new regulations. Each regulatory development is examined by the Group to gain an understanding of its potential impact on the Group's operations and the products it brings to the market.

Climate-related opportunities

Opportunities we have identified in the context of climate change are embedded as a priority in the Grupa Azoty Group Strategy for 2021-2030, particularly within the ESG strategy for energy transition and sustainable products. The Group has identified climate-related opportunities in all areas outlined by the Task Force on Climate-Related Financial Disclosures (TCFD), encompassing resource efficiency, energy sources, products/services, and markets.

Opportunities identified in the area of products and services relate mainly to:

- innovation projects,
- enhancement of the innovation system,
- expansion of research infrastructure,
- support for corporate projects,
- innovation geared towards minimising the impact of policy risks.

The current Strategy is aligned with regulatory trends, leading to a diversified product portfolio and advancements in fertilizer services (e.g. in precision agriculture). Also the EU-wide reforms under the European Green Deal may be a source of opportunities, such as the growing demand for alternative transport fuels, particularly hydrogen, a market opportunity to be leveraged if the Group positions itself to capitalise on the emerging market of renewable and low-carbon gases.

Key product innovations involve fertilizers and plastics, precision agriculture services, fully biodegradable plastic materials and plastic products with significantly lower carbon footprints, as well as recycling of polymer plastics and alternative raw material sourcing.

Resource efficiency opportunities are harnessed through the Group's energy saving and recovery initiatives, reducing energy demand, and optimising the consumption of primary raw materials.

In the area of energy sources, opportunities are captured by investing in renewable energy projects and exploring the potential of SMR power plants. Grupa Azoty Energia, a new company established in 2022, consolidates the Group's green energy assets and engages in joint projects with external partners related to low-carbon energy generation technologies.

As regards access to new markets, the Grupa Azoty Group leverages its status as the largest producer of hydrogen in Poland and a significant processor in Europe within the strategic Green Azoty framework to actively contribute to the development of the European hydrogen market. Expansion opportunities for the Group are also seen in the new markets of electric mobility (development of fuel cells and cell production materials).

As the Strategy evolves, a key objective will be to reinforce the Group's commitment to harnessing opportunities related to transitioning into a low-carbon economy.

For detailed information on climate-related opportunities identified and seized in innovative product initiatives, refer to section 12 of this report '[Products addressing sustainability challenges](#)'.

Management of climate risks

The Group has in place a three-lines risk management model.

Within the first line of risk management, climate actions fall under the purview of risk owners with operational responsibility for the identification of risks, along with their qualitative and quantitative analysis, and for planning adequate risk handling strategies within defined risk tolerances and appetites. Where justified by the quantitative analysis, the respective risk owners are also required to implement an early warning system based on the key risk indicators (KRIs). The second line of risk management includes an Enterprise Risk Committee, comprising presidents responsible for risk management at individual companies. The role of the Committee is to initiate and consult the general directions of strategic changes to the risk management system, prepare recommendations with respect to the list of key risks, and assess risks in emergency situations.

1. Processes for identifying and assessing climate-related risks

Risk identification at the Grupa Azoty Group is a continuous process, embedded throughout its organisational structure, aligned with its current plans and objectives, taking into account the internal and external contexts in which the companies operate. Responsibility for risk management lies with every employee, who are expected to identify risks and promptly report them to the relevant directors, managers, or area leaders. Risks are viewed from a dual perspective, both as threats – where their potential occurrence could negatively affect the achievement of the company's goals, or as opportunities – where their occurrence could bring benefits, help the company achieve its goals or offset adverse effects.

2. The organisation's processes for managing climate-related risks

The risk management process at the Grupa Azoty Group encompasses various stages beyond mere identification and classification, which include risk mapping and qualitative analysis, quantitative analysis and quantification, assessment of risk controls in place, planning and implementation of risk response measures, as well as measurement and reporting of specific risks. The risk owner is tasked with comprehensively managing a specific risk, which may include measures intended to enhance understanding of the risk's causes and consequence, and implementation of appropriate safeguards and risk control improvements. The role also involves continuous monitoring of changes in both internal and external contexts affecting the likelihood or impact of the risk. The risk owner must promptly report any changes that emerge in the internal and external contexts of the supervised area and newly identified risks.

3. How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management system

Given the strategic significance of climate-related risks, the Grupa Azoty Group has integrated the management of those risks into its enterprise risk management (ERM) system to ensure its alignment with the organisation's overall risk management model and established procedures.

Climate risks eligible for inclusion in the Grupa Azoty Group's Enterprise Risk Register have been classified into all categories of the risk management framework developed at the Group.

The materiality assessment and prioritisation of climate-related risks are performed at least annually, based on a five-step matrix that evaluates the impacts (including financial impacts) and probability of each risk. The outcome of the risk valuation process is documented in the relevant risk chart. Based on the valuation of a risk and the assessed control level, individual risk maps are

drawn up for each company and then for the entire Group. As a result, the risks are prioritised and may be included in the list of key risks. The risk materiality assessment is also informed by conclusions from the monitoring of relevant risk indicators (e.g. to determine whether there have been risk materialisation incidents), an analysis of global reports and a benchmarking exercise. The data thus collected is used to draw up the list of key risks, which is presented by the Enterprise Risk Committee to the Management Board.

Metrics and targets

In response to climate risks and mitigation plans, the Grupa Azoty Group, acting in conformity with its enterprise risk management system, defines relevant actions, targets and metrics. Within the climate and environment pillar of its ESG strategy, the Group has outlined specific targets to be achieved by 2030:

Decarbonisation of production:

- reduce CO₂ emissions from the Group's energy generation sources by 34% relative to the base year 2020,
- reduce emissions from purchased energy generation by 51% relative to the base year 2020,
- reduce coal consumption by 65% relative to the base year 2020,
- reduce the organisation's carbon footprint.

Energy efficiency improvement:

- reduce energy consumption per product unit,• step up efforts to recover waste energy from chemical processes,
- incorporate gas-fired sources into the energy mix in the transition period; ultimately grow the share of renewable energy sources in power generation to 40%,

Within the sustainable supply chain pillar, the Grupa Azoty Group has set the following targets to be achieved by 2030:

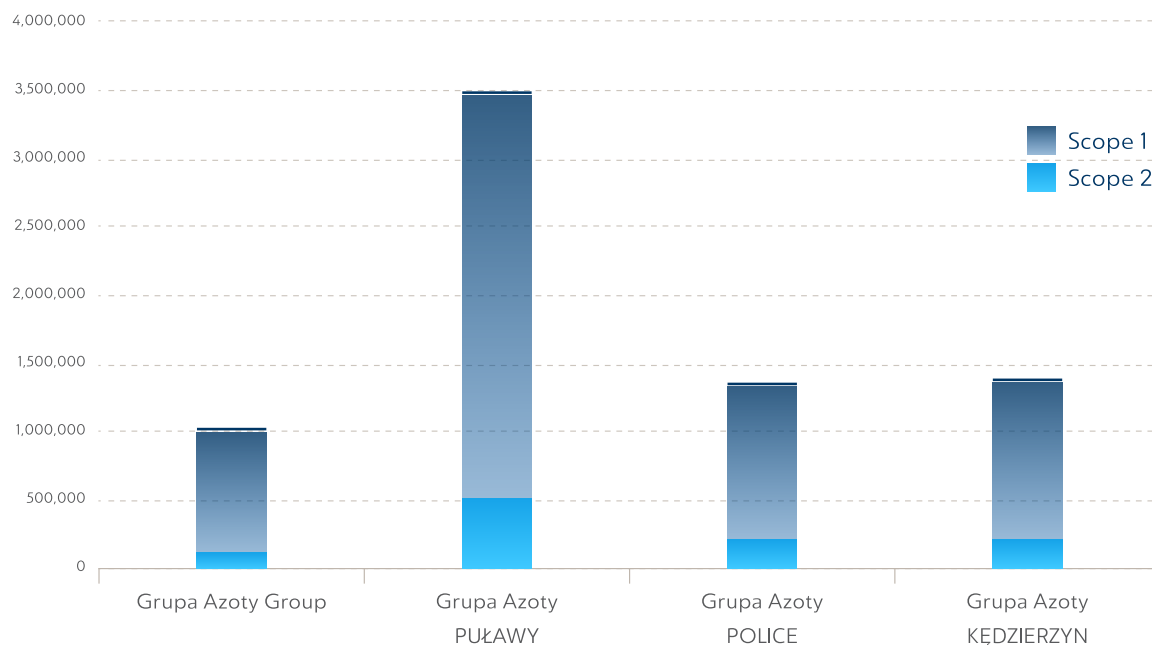
- put in place a product carbon footprint reduction programme, build or implement an emission data collection system, and reduce emissions.

Every year, the Group prepares a report with the calculated values of environmental indicators pertaining to greenhouse gas emissions or to the consumption of energy, water and materials. Through these indicators, the Group not only gauges its progress in meeting the self-imposed emission targets but also gains a robust foundation and context for assessing climate-related risks and opportunities, particularly transition risks.

In calculating GHG emissions the Group relies on the GHG Protocol, which covers all activities to be monitored within Scopes 1 and 2. Scope 1 stands for direct emissions from the company's operations and generation of electricity and heat. Scope 2 emissions are linked to energy procured from external suppliers.

The existing Scope 1 and 2 calculations will be supplemented to cover Scope 3 emissions and expanded by ongoing assessments of the carbon footprint associated with the Group's key products (based on the Life Cycle Assessment (LCA) approach).

Scope 1 and 2 emissions summary chart



	2021			2022		
	Scope 1	Scope 2 (overestimated) ²	Scope 1+2	Scope 1	Scope 2	Scope 1+2
Grupa Azoty Group	910,016	150,007	1,060,023	896,854	129,947	1,026,801
Grupa Azoty PUŁAWY	3,654,836	661,885	4,316,721	2,988,005	494,970	3,482,975
Grupa Azoty POLICE	1,535,939	253,473	1,789,412	1,133,351	214,772	1,348,123
Grupa Azoty KĘDZIERZYN	1,323,945	230,129	1,554,074	1,169,221	197,978	1,367,199
Suma	7,424,736	1,295,494	8,720,230	6,187,431	1,037,667	7,225,098

² Detailed information on revaluation can be found in GRI indicator 2-4



RISKS

Map of ESG risks and opportunities

[103-2] [306] [403-2] [403-7] [413-2]

ESG (environmental, social and governance) risks table



Environmental risks identified at the Grupa Azoty Group

TCFD risk category	Risk name and definition	Risk response
	Climate change risks, both relating to the company's impact on climate and the effects of climate change on the company	Steps have been taken to assess risks associated with the environmental impacts of the Group's business both in its day-to-day operations, and in terms of its medium- and long-term objectives. A review of the business model resilience has been initiated, taking into account the target levels of emissions and pollutant concentrations. The Group's newly developed Strategy prioritises innovation and advancements in sustainable development. Grupa Azoty S.A. perceives business opportunities

TCFD risk category	Risk name and definition	Risk response
Climate-related risks: physical – acute risks	Risk of extreme weather and natural disasters resulting from the physical effects of climate change Risk of violent storms, floods, heat waves, hurricanes, tornadoes, lightning strikes, other weather events and natural disasters resulting from the physical effects of climate change	in the evolving landscape of environmental and climate consciousness. The risk identification process goes beyond recognising challenges, as it also actively explores opportunities. These include the potential to secure funding for innovative technology projects or the development of environmentally friendly products. Simultaneously, potential avenues for enhancing energy efficiency and cost effectiveness have been discerned. Measures have been taken to address challenges related to the identified risks and opportunities in the light of upcoming changes and their ultimate integration within the enterprise risk management system.
Climate-related risks: transition – technology risks	Risk of inability to conform to the requirements of a low-carbon economy and achieve decarbonisation targets within the set time frame Risk of the occurrence of technological process-related, organisational or economic factors hindering the reduction of CO2 emissions to the extent mandated by regulations	
Climate-related risks: transition – market risks	Risk of a decline in fertilizer sales due to physical climate change - Risk of a decline in fertilizer sales and not achieving the expected revenue level due to unstable weather conditions, changes in plant growing periods due to increased temperatures, water shortages and intensification of the water cycle (summer heat waves, drought, torrential rains and flooding, storms), and the occurrence of extreme weather events (such as hail storms, hurricanes, severe frost), which may compromise the purchasing power of farmers	
Climate-related risks: transition – market risks	Risk of a decline in sales of chemicals due to market constraints and shifts in consumer behaviour as a result of more widespread adoption of pro-environmental attitudes Risk of a decline in product sales and not achieving the expected revenue level in the chemicals segment due to market constraints and lower demand reflecting more widespread adoption of sustainable consumption and environmental awareness	
Climate-related risks: transition – market risks	Risk of a decline in sales of certain plastic materials as a result of tighter requirements on plastic recycling and shifts in consumer behaviour as a result of more widespread adoption of pro-environmental attitudes Risk of a decline in product sales and not achieving the expected revenue level in the plastics segment due to increasing customer requirements prompted by attitudes of responsibility for environmental damage, including waste, caused by products throughout their life cycles and lower demand reflecting more widespread adoption of sustainable consumption	

TCFD risk category	Risk name and definition	Risk response
Climate-related risks: physical – acute and chronic risks	<p>Risk of increased exposure to failures, accidents and stoppages of production facilities and technological constraints resulting from physical effects of climate change Risk of failures, accidents and stoppages of production facilities due to violent storms, floods, heat waves, hurricanes, tornadoes, lightning strikes, other weather events and natural disasters resulting from the physical effects of climate change and the need to adapt industrial infrastructure and production technologies to climate change.</p>	<p>The Grupa Azoty Group companies have been classified as upper tier establishments (UTE). The Group has developed and put in place accident prevention programmes, and monitored and implemented legal safety requirements, including those arising from the SEVESO III Directive. Detailed contingency analyses are carried out based on the accident prevention manual and the contingency analysis approach. Technical risks are reviewed with respect to the operation of production assets and the thermodynamic status of selected machinery. Contingencies are prevented at the Grupa Azoty Group by ongoing monitoring of hazards in technological processes and operation of machinery and equipment, coupled with monitoring of hazards in storage and transport operations.</p>
	<p>Risk related to transporting dangerous goods and risk of changes in regulations and/or ADR and RID exemptions Risk associated with the transport of dangerous goods and the possibility that state authorities may impose additional restrictions on the transport of dangerous substances or political decisions may lead to temporary or permanent shutdowns of transport infrastructure used by the company.</p>	<p>As a result of their activities, state authorities impose restrictions on the transport of dangerous substances, which may result in temporary or permanent unavailability of parts of the transport infrastructure used by the company. In order to minimise any adverse events, deliveries of dangerous goods are monitored on an ongoing basis pursuant to an internal regulation governing the transport of dangerous goods. In addition, contracts with companies that rent their rolling stock and with carriers licensed and equipped to carry out transport operations include appropriate provisions on the carriage of dangerous goods.</p>
Climate-related risks: transition – market risks	<p>Risk related to the management of CO₂ emission allowances Adverse impact of prices prevailing on the market of CO₂ emission allowances within the EU ETS attributable to a limited amount of allowances put on the market, which are needed to offset CO₂ emissions</p>	<p>The management of CO₂ emission allowances at the Grupa Azoty Group is supervised by the internal EU ETS Management Committee and the EU ETS Executive Team, based on the CO₂ emission allowance trading policy. Allowances are purchased according to an annual purchasing plan, following a recommendation from the EU ETS Committee and the Financial Committee. The EU ETS Management Committee, which supervises the common model for managing CO₂ emission allowances at the key Group companies, tracks the implementation of purchasing plans and price developments of CO₂ emission allowances. In addition, the EU ETS Executive Team keeps monitoring the market prices of allowances and analyses both short- and long-term price trends.</p>

TCFD risk category	Risk name and definition	Risk response
	Risk related to the manufacture and storage of hazardous materials Risk involved in the management of hazardous materials and potential threats to the environment, life, health or property, or risk of other damage.	Detailed process risk analyses are carried out at the Grupa Azoty Group on a regular basis under the emergency prevention programme. Chemical Safety Reports are prepared for upper tier chemical plants at least once every five years. The Group promptly responds to any changes in regulations applicable to the production and storage of hazardous materials.
	Risk related to fire safety Risk that, as a result of a fire, the company's assets will be damaged or destroyed, or that its operating activities will be curtailed or halted.	The in-house chemical rescue units responsible for the oversight of fire-fighting activities at the Grupa Azoty Group companies have fire-fighting and rescue equipment to extinguish fires and remove other localised hazards and effects of natural disasters. The Group operates an automated hazard reporting system and fire prevention system, which enables continuous fire safety oversight.
Climate-related risks: transition – technology risks	Risk related to energy consumption and use, and compliance with the ISO 50001:2018 standard Risk that the company in the course of its operations will fail to take measures designed to improve its energy performance.	The Grupa Azoty Group consistently improves its processes and implements energy saving initiatives by using innovative solutions and conducting energy audits. In 2021, the Group carried out an energy review under the ISO 50001:2018 system, which helped it gather complete information on energy consumed by the organisation.
Climate-related risks: transition – technology and policy risks	Risk related to the monitoring and management of direct and indirect emissions of greenhouse gases and other air pollutants Risk that the company will emit excessive volumes of greenhouse gases and other air pollutants, including the risk of exceeding the emission limits specified in environmental decisions. Risk of failure to take sufficient measures to reduce emissions.	In line with the clean air commitment, the Group companies constantly monitor the volumes of air pollutants emitted by their plants. Measurements are made at intervals specified in the relevant integrated pollution prevention and control permits and reflected in the annual pollutant emission measurement schedules. All the companies operate on the basis of appropriate permits and submit their mandatory reports to external supervisory authorities in a timely manner.
	Risk related to monitoring and management of water consumption and wastewater disposal Risk that the company will use excessive volumes of water in the course of its operations, or that the volumes or quality of wastewater discharged by the company are not compliant with the relevant permits, or that the company will not take sufficient measures to reduce its water consumption.	The Grupa Azoty Group keeps monitoring the Water Law for any amendments tightening the existing standards or introducing new requirements applicable to the company with respect to water abstraction and wastewater discharge. The Group holds all relevant legal permits regarding water and wastewater management. When designing process units and applying for permits, the Group companies estimate and account for the effect of the unit/equipment on the volume of pollutants released into the environment. The volumes and quality of wastewater discharged and water abstracted are analysed on an ongoing basis. The Grupa Azoty Group promptly responds to any relevant regulatory changes.

TCFD risk category	Risk name and definition	Risk response
	Risk related to waste monitoring and management Risk that the company will generate and store in the course of its operations volumes of waste that are incompliant with the relevant permits/decisions and that it will not take sufficient measures to reduce the volumes of generated waste or to reuse waste.	During design work on the Group's units and in the applications for integrated pollution prevention and control permits, the unit's effect on the amount of generated waste is taken into account. The Grupa Azoty Group holds all legal permits related to waste management and promptly responds to any regulatory changes in the area of waste management.
	Risk of land pollution and related costs Risk that the company's operations will lead to land pollution, requiring remediation, rehabilitation or reclamation measures.	The Grupa Azoty Group holds all relevant legal permits regarding soil contamination. To mitigate the risk of soil pollution, underground water on legacy pollution sites is monitored and places where hazardous substances are loaded, unloaded and stored are inspected. A detailed assessment is carried out based on the type and quantity of substances in a process unit and the measures taken to prevent the substances from polluting the soil. The Grupa Azoty Group promptly responds to any regulatory changes in the area of land pollution requirements.
	Risk related to the use of radioactive substances Risk that radioactive substances used by the Group may adversely affect the health or life of employees or individuals present in the area of their potential impact, or that legal conditions for their use may not be met.	In order to eliminate the risk, all radioactive sources in operating apparatus are placed inside working transport containers with built-in locks preventing easy removal of the source without using special keys; the containers are screwed to a supporting structure. Radioactive sources used in process units operating in open space are additionally secured using padlocks with patented lock systems. All apparatus with radioactive sources has output signals incorporated in the units' computer systems. During unit shutdowns or overhaul work in the immediate vicinity of radioactive sources, these sources are placed inside working transport containers in the isotope storage room. Once a year, drills are carried out at the Grupa Azoty Group to review and update the contingency plan in the event of a radiological emergency, with sealed radioactive sources used during such drills.
	Risk related to monitoring and managing of environmental noise levels Risk that the company will generate excessive noise emissions in the course of its operations and that it will not take sufficient measures to reduce noise levels.	During the unit design phase, equipment with appropriate parameters is selected and the location of the unit is chosen after considering the environmental impact of related noise emissions. The Group holds all legal permits regarding environmental noise. In the existing units, soundproofing cabins and acoustic silencers have been installed. In accordance with the integrated pollution prevention and control permits, the Group companies regularly monitor and analyse the measurements of noise emitted to the environment. The Grupa Azoty Group promptly responds to any regulatory changes relating to noise emissions.

TCFD risk category	Risk name and definition	Risk response
Climate-related risks: transition – policy risks	Policy risk arising from the climate transition occurring through implementation of the European Green Deal reforms Risk of more stringent legal requirements under the European Union's climate policy	The Group continuously monitors projects and proposals of administrative bodies regarding new legislation or changes to the existing laws. The Group is actively involved in the work of registration consortia and European associations, and partners with Polish institutions to respond to upcoming changes in legislation. The Group conducts analyses of the risks associated with emerging regulatory trends, draft amendments, or proposed new regulations. Each regulatory development is examined by the Group to gain an understanding of its potential impact on the Group's operations and the products it brings to the market. Amendments to EU directives and regulations applicable to the Group's key manufacturing and trading activities give rise to a potential risk that the use of the company's products by customers in the EU countries may be restricted.
	Risk of adverse impacts on biodiversity and wild natural habitats Risk that the company's operations will lead, directly or indirectly through its supply chain, to loss of biodiversity and destruction of wild fauna and flora.	The Group has not identified any material direct or indirect impact of its operations on biodiversity. The Group mitigates its impact on biodiversity and wildlife by conducting its operations in a responsible and environmentally sound manner.
	Risk of obtaining invalid test results or of failure to perform environmental and workplace pollution tests Risk of obtaining invalid results (in the context of validation of results in compliance with ISO/IEC 17025) of environmental and workplace pollution tests due to laboratory error, lack of necessary equipment, equipment failure or personnel shortages. Risk of failure to obtain the required accreditation for tests performed.	The Grupa Azoty Group has applied a process-based approach to managing environmental issues relying on interactions compliant with relevant procedures. The system of responsibility and accountability for managing key activities of the Group defines an approach where incompatibilities, opportunities and threats are analysed in terms of action needed.



Social risks identified at the Grupa Azoty Group

Social risks identified at the Grupa Azoty Group pertain to the operations of Grupa Azoty S.A., Grupa Azoty Police, Grupa Azoty Puławy and Grupa Azoty Kędzierzyn-Koźle in Poland.

Risk name and definition	Risk response
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Risk name and definition	Risk response
<p>Risk of human rights violations at work Risk of violating the right to personal dignity, non-discrimination in employment/access to promotion, pay rise and training, fair remuneration, equal remuneration for equal work, paid leave, rest and free time, family life.</p>	<p>The Grupa Azoty Group diligently adheres to all provisions outlined in the Labour Code. The Group has implemented the Grupa Azoty Group Code of Ethical Conduct, the Whistleblowing Policy, and the Anti-Workplace Bullying and Anti-Discrimination Policy. Regular staff training sessions are conducted to enhance awareness among employees regarding human rights and their potential violations. Transparent and uniform rules for employee development, personnel changes and recruitment processes at the Grupa Azoty Group have been guaranteed through relevant procedures. To govern remuneration practices, there is a collective bargaining agreement in place.</p>
<p>Risk of failure to meet expectations of the public Risk of the company taking outreach initiatives that are not compatible with stakeholder needs due to lack of dialogue with the local community.</p>	<p>The Group has implemented and applies the Social and Sponsorship Policy, the Donation Policy and Donation Rules, the CSR Policy and the Communication Policy. Regular dialogue is maintained with local communities, meetings are held between the company's management and local government representatives, and media monitoring with perception surveys are conducted.</p>
<p>Risk related to misalignment of shareholder interests Risk that divergence of interests among shareholders will lead to hindering and slowing down decision-making processes attributed to corporate bodies (exercising veto rights, challenging resolutions)</p>	<p>The Grupa Azoty Group adopted a Declaration of Compliance with Corporate Governance Principles and Best Practice for WSE Listed Companies 2016. The transparent information policy ensures that any strategic intentions are effectively communicated, while the up-to-date corporate website offers easy and clear access to all materials submitted for consideration by the General Meeting. Measures have been taken to cap the voting right at one-fifth, except for the State Treasury votes, in line with the provisions of the Grupa Azoty S.A. Articles of Association. In order to minimise this risk, Management Board plans with reasons are presented and conferences are held for investors and brokerage houses. In addition, presentations for investors and publications of current reports are prepared, with complete information published on the company's website.</p>
<p>Risk of personal data breach Security risk that may potentially lead to an accidental or unlawful destruction, loss, alteration, unauthorised disclosure of and access to personal data (GDPR).</p>	<p>The Group continuously monitors compliance with the rules of personal data protection and personal data processing safeguards implemented at workstations. Personal data is processed pursuant to outsourcing agreements for data processing, which is the responsibility of the owner of the IT system processing the personal data and/or the process. In the case of a joint controllership agreement, the responsibility rests with the owner of the IT system processing the personal data and/or the process by means of which the data is processed, and the data is jointly controlled by two or more operators. The relevant contractual provisions governing personal data processing are based on the Grupa Azoty Group's manual on contracting and contract performance. GDPR privacy notices, consent clauses and privacy policies are created on an ongoing basis to address the business needs, satisfying the information requirements under GDPR. Any arrangements in this respect are made at the level of the Data Protection Committee of Grupa Azoty.</p>

Risk name and definition	Risk response
Risk of infringing on or interfering with employees' right to freedom of association and collective bargaining Risk of infringing on or interfering with employees' rights to freedom of association or their right to strike, organise and bargain collectively. Risk of industrial disputes.	<p>The Grupa Azoty Group does not prevent employees from forming labour union organisations, and there are a number of trade unions active at the Group. Labour relations are based on partnership and respect between the parties, and reflect the provisions of the collective bargaining agreement. The trade unions have been granted the use of the employer's property.</p>
Risk of accidents at work, occupational ill-health and other threats Risk of accidents at work (e.g. during production or transport) that may endanger human health and safety, cause damage to property, environmental pollution, reputational losses for the company or other adverse consequences, as well as risk of occupational ill-health and resulting indirect or direct financial impacts for the company	<p>The OHS staff at the Grupa Azoty Group carry out regular on-site inspections and participate in accident and emergency teams. Any near-miss event reported by employees in electronic or paper form is reviewed by the OHS function. A register of hazards, near-miss incidents and 'STOP Accidents' observations is kept and updated on an ongoing basis in an online database. In order to prevent any dangerous situations, the Grupa Azoty Group companies share information by posting conclusions from the investigation of near-miss incidents on an online platform.</p>
Risk of loss of employees with competencies of key importance to the Company due to a high attrition rate Risk of failure to secure availability of personnel with relevant competencies to carry out day-to-day operations and development projects as a result of difficulties in hiring and retaining staff or employees retiring.	<p>In order to ensure the highest standards across all areas of its operations, the Group offers an attractive employee proposition in terms of pay, training opportunities and non-pay benefits.</p>
Risk to employee health and safety arising from widespread incidence of communicable diseases Risk that the health and life of employees on areas covered by the Grupa Azoty Group's operations may be threatened by an epidemic or epidemic emergency (within the meaning of Art. 2 of the Act on Preventing and Combating Infections and Infectious Diseases in Humans of December 5th 2008) or a natural disaster (within the meaning of Art. 3.1.3 of the Act on the State of Natural Disaster of April 18th 2002).	<p>In connection with the spread of the SARS-COV-2 pandemic in Poland and globally, a number of mitigation measures were identified and planned. Work organisation was changed at the Grupa Azoty Group to reduce contact between employees. The measures taken included: a ban on meetings, procedures for changing work patterns so that employees working one shift did not come into contact with those working the next, working from home, procedures in the event of a confirmed infection, testing employees for COVID-19. Grupa Azoty also established a COVID-19 crisis management team to continuously monitor the situation, make decisions on preventive measures and issue guidelines on what steps to take. Moreover, epidemiological forecasts issued by central authorities, the National Sanitary Inspectorate, the Ministry of Health and the Sanitary Inspectorate are monitored on a regular basis.</p>



Governance risks identified at the Grupa Azoty Group

Kategoria ryzyka wg TCFD	Nazwa ryzyka wraz z definicją	Odpowiedź na ryzyko
	Risk of violation of ethical principles and standards Risk of violations of the code of ethical conduct, anti-corruption policy, conflicts of interest	<p>The Group has implemented and applies the Grupa Azot Code of Ethical Conduct, the Trading Partners Code of Conduct, the Anti-Corruption Code, the Whistleblowing Policy, the Conflicts of Interest Policy, and the Gift Policy. Regular staff training is provided</p>

Kategoria ryzyka wg TCFD	Nazwa ryzyka wraz z definicją	Odpowiedź na ryzyko
		The Group operates a Compliance Management System.

Climate-related risks: transition – policy and legal risks	Risk related to investor relations and compliance with disclosure requirements Risk that the company will not comply with its obligations resulting from stock market listing	<p>To ensure uniform legal interpretation of disclosure requirements and uniform compliance, the Grupa Azoty Group companies that are stock issuers use the services of the same legal advisor with respect to their disclosure obligations. A uniform information policy ensures oversight of information flow and communication processes across the Grupa Azoty Group, in line with the adopted management model. To improve the effectiveness of efforts taken, training on disclosure requirements and information policy is held and electronic mail is monitored on a continual basis by persons whose email addresses have been identified as the addresses to be used for providing notifications with respect to the Group's information policy.</p>
Climate-related risks: transition – reputation risks	Reputational risk related to ineffective communication of social initiatives and ESG projects Risk related to negative perception of the company by the public and downgrades of ESG ratings due to insufficient disclosures, incomplete reporting of ESG activities and insufficient preventive measures to counter the chemical sector's stigmatisation.	<p>To mitigate negative activity, the Group has implemented internal rules and regulations governing its social and sponsorship policies as well as a communication policy incorporating the Group's rules on image building. In addition, the contracts and agreements contain appropriate provisions to safeguard the interests of third parties, the parties' representations, and anti-corruption and confidentiality rules. Should trading parties fail to comply with their terms and conditions, the following steps can be taken: imposing contractual penalties, taking legal action, terminating cooperation or performing inspections/audits.</p>
	Risk related to negative impact on the company brand Risk of negative perception of the company by the public and media. Loss of the brand reputation	<p>Grupa Azoty S.A. monitors the media, responds to press inquiries, and develops communication concepts for image-building projects (e.g. core business, CSR and sponsorship), taking into account the internal and external communication procedure and the Grupa Azoty Group communication policy.</p>

Climate-related opportunities table, according to TCFD



Resource efficiency

TCFD examples		Opportunity response
<ul style="list-style-type: none"> ■ Improving efficiency in transport use and in production and distribution processes ■ Recycling ■ Conversion of buildings towards improved energy efficiency ■ Reduction of water consumption 	a	<p>The Grupa Azoty Group continuously improves its processes and implements energy saving initiatives by using innovative solutions and conducting energy audits. In 2021, the Group carried out an energy review under the ISO 50001:2018 system, which helped it gather complete information on energy consumed by the organisation. An upgrade of the hot water network is currently in progress. The project will help reduce heat losses in transmission pipelines and ensure security of heat supplies to customers. The implementation of the New Energy Concept is under way. Benefits will include lower demand for electricity and steam required in industrial processes and partial replacement of coal with gas in steam production. A range of projects are being carried out to reduce heat consumption, such as the construction of a turbine generator which will enable the use of waste heat for electricity generation. Moreover, Grupa Azoty Kędzierzyn is implementing a key project aimed at ensuring the company's energy security and good prospects for the future, and at driving down the consumption of primary raw materials, curbing carbon dioxide emissions, and energy intensity of the company's core production. The new power generation concept will be based largely on the use of process heat from chemical installations.</p>



Energy sources

TCFD examples		Opportunity response
<ul style="list-style-type: none"> ■ Use of lower-emission energy sources ■ Use of support policy incentives ■ Use of new technologies ■ Participation in the market of carbon allowances 	a	<p>The Grupa Azoty Group will work towards becoming an emission-free energy producer by 2030. The majority of renewable energy investments will involve the Group's own assets, but engaging in third-party project also remains an option. In line with the adopted objectives, the total capacity of new renewable energy sources is expected to reach ca. 300 MW by 2030. The Group expects that the planned projects will allow it to save more than PLN 200 million per year on electricity purchases, and the average share of renewables in the energy mix will reach 40%.</p>



Products and services

TCFD examples		Opportunity response
<ul style="list-style-type: none">■ Development and/or expansion of low-emission goods and services■ Development of climate change adaptation and insurance risk solutions■ Development of new products or services through R&D&I	a	As part of its innovation strategy, the Grupa Azoty Group will focus on innovation across the following four areas: innovative projects, enhancement of the innovation system, support for corporate projects and innovation geared towards minimising the impact of policy risks. The goal will be to deliver high quality new or improved products and to maintain a long-term competitive advantage. The required expenditure on research, development, pilot plants and innovation at the Grupa Azoty Group in 2030 is estimated at 2–3% of the Group's revenue.
	b	Biodegradable coatings for granular fertilizers being developed in collaboration with Compo Expert, fertilizers for application in forest areas, urease and nitrification inhibitors and fertilizer formulas enriched with micronutrients from utilised waste streams. Speciality fertilizers reduce losses of nutrients, and the efficiency of such products is 50% higher than that of traditional ones, with fertilizer application reduced by 20%.
	c	Market roll-out of the Fosfarm product line, comprising modern and environmentally friendly NPK fertilizers manufactured in accordance with the principles of sustainable development, including circular economy.
	e	The Grupa Azoty Group is the first of Central and Eastern Europe's producers to offer fully biodegradable plastics. Grupa Azoty S.A. launched a pilot line for the production of thermoplastic starch with an annual capacity of 300 tonnes. It uses a proprietary technology (patented in 2020) for manufacturing biodegradable polymers to be used by the packaging industry of the future.
	f	Implementation of the technology for recycling polymer plastics (polyolefins, polyamides) or recovery of phosphorus and potassium from alternative sources.
	g	Production of polyamide 6 and its compounds – materials used by the automotive industry to reduce the weight of cars and thus fuel consumption.



Markets

TCFD examples		Opportunity response

<ul style="list-style-type: none"> ■ Access to new markets ■ Use of public sector incentives 		<p>TCFD examples</p> <p>Opportunity response</p>
<ul style="list-style-type: none"> ■ Access to new assets and locations 	a	<p>Key initiatives undertaken in the energy area will be a cornerstone of Green Azoty, the Group's flagship project. The Group is performing economic and technical analyses of electricity production from its own renewable sources. The aim is to reduce the carbon footprint of products and decarbonise the Group's processes. As a member of the European Clean Hydrogen Alliance, in the coming years the Grupa Azoty Group will actively participate in the EU's legislative work related to the classification of green hydrogen. The company is an active member of the Hydrogen Agreement, developing a framework for the national hydrogen economy within individual working groups. Grupa Azoty is also a member of the European Clean Hydrogen Alliance, a project launched by the European Commission, which aims to deploy hydrogen as an alternative energy carrier in Europe. The Group is running a number of development initiatives, including projects focused on fuel-cell hydrogen technologies. Its solutions may be instrumental in providing an efficient source of power for rolling stock and developing hydrogen and ammonia production from renewable energy sources that could serve as a railway fuel. Key initiatives undertaken in the energy area will be a cornerstone of Green Azoty, the Group's flagship project. The Group is performing economic and technical analyses of electricity production from its own renewable sources. The aim is to reduce the carbon footprint of products and decarbonise the Group's processes. As a member of the European Clean Hydrogen Alliance, in the coming years the Grupa Azoty Group will actively participate in the EU's legislative work related to the classification of green hydrogen. The company is an active member of the Hydrogen Agreement, developing a framework for the national hydrogen economy within individual working groups. Grupa Azoty is also a member of the European Clean Hydrogen Alliance, a project launched by the European Commission, which aims to deploy hydrogen as an alternative energy carrier in Europe. The Group is running a number of development initiatives, including projects focused on fuel-cell hydrogen technologies. Its solutions may be instrumental in providing an efficient source of power for rolling stock and developing hydrogen and ammonia production from renewable energy sources that could serve as a railway fuel.</p>
	b	<p>In accordance with the European Green Deal, a significant part of the Grupa Azoty Group's research and development resources will be geared towards climate neutrality targets. As part of Green Azoty, the Group will also implement projects in areas such as electric mobility, i.e. development of fuel cells and materials used in their production. In addition, the Group is exploring the feasibility of SMR (Small Modular Reactors) as a stable source of zero-carbon energy. Such reactors could help stabilise the Grupa Azoty Group's energy mix and guarantee a competitive price of energy utilities.</p>



OUR MANAGEMENT APPROACH

Ethics and values

[IR - Corporate governance]

They serve as a guiding framework for our actions and management methodology.

[2-23] [2-24]

We have adopted a consistent and comprehensive policy framework to facilitate the management process and ensure that our operations remain compliant with the applicable laws, internal regulations, ethical standards and best business practice. Our compliance management system comprises a set of codes and policies endorsed through resolutions by the management boards of Group companies.¹

¹ The respective policies are available online, on the companies' websites. Grupa Azoty S.A. [Compliance management \(grupaaazoty.com\)](https://grupaaazoty.com), Grupa Azoty Puławy [Compliance management \(grupaaazoty.com\)](https://grupaaazoty.com), Grupa Azoty Police [Compliance management \(grupaaazoty.com\)](https://grupaaazoty.com), Grupa Azoty Kędzierzyn [Compliance management \(grupaaazoty.com\)](https://grupaaazoty.com).

The compliance management system comprises:



At the Grupa Azoty Group, we operate to high ethical standards. Our commitment to fostering positive attitudes and relationships is encapsulated in the Code of Ethical Conduct, available from [our corporate websites](#).

The Group has adopted a set of uniform principles of conduct and a value system, which extend beyond our employees to encompass all stakeholders, including customers, trading partners, shareholders, and others. The Code of Ethical Conduct Code is an integral component of our compliance management system, serving as a guide on how the Group should apply the precautionary principle. This integration facilitates effective supervision and control, ensuring compliance with the applicable laws, internal regulations, industry standards and best practice. The Code of Ethical Conduct outlines priorities for shaping employee attitudes and building relationships, and – by articulating corporate values – highlights the Group's commitment to respecting human rights across all stakeholder groups. The Code is also referenced by pertinent provisions of the Grupa Azoty Group Strategy for 2021-2030.

The implementation and ongoing monitoring of this ethical framework fall under the purview of the compliance manager. Internal training sessions to instil an understanding of the principles outlined in the Code of Ethical Conduct are organised by the compliance teams at individual Group companies.

Code of Ethical Conduct:

- delineates the ethical values and principles governing our dealings with stakeholders, suppliers and local communities,
- declares our commitment to ensuring equal employment, promotion and training opportunities for all employees,
- describes a procedure for reporting incidents involving ethics violations to a line manager or the compliance officer,
- defines measures to effectively manage conflicts of interest and corruption risk.

All employees are acquainted with the Code and are obligated to adhere to its provisions. Starting from 2020, all new hires and suppliers are required to provide a written acknowledgement of having read the Code and related policies. Following policy updates in 2021, such acknowledgements were also required from persons hired before that date. The Grupa Azoty Group is guided by the following set of core values embedded in our Code of Ethical Conduct:

Good management – understood as responsible management of the Grupa Azoty Group's tangible and intangible assets based on a cost-benefit analysis. All our assets are managed so as to maximise benefits for our shareholders and other stakeholder groups.

Professionalism – we ensure the proper design and effectiveness of the Group's management methodologies, operating standards and control systems, supporting delivery of our strategic plans. Professionalism involves upholding the highest standards of due diligence and effectively leveraging the possessed knowledge, experience and expertise in everyday work.

Cooperation – understood as fostering relationships in a way that maximises benefits for the Group while respecting the interests of all parties involved, building mutual understanding, trust and achieving shared objectives.

Respect – refraining from any acts or decisions and from making any statements that could violate another person's dignity. This entails a duty to respect any nationality, race, gender, age, disability, religion, political views, sexual orientation, as well as different beliefs and opinions.

Transparency – direct and clear communication of information concerning any decisions, actions, rationale, expectations, and standards adopted by the Group. Transparency should be ensured in all areas of our activity, excluding those that must remain confidential by law or business requirements.

Responsibility – whatever we do, we are committed to the safety and well-being of our employees, customers and other people who may be affected by our activities, to protecting the natural environment and improving the quality of life of the local communities where we operate, and to safeguarding the tangible and intangible resources entrusted to our care.

[\[206-1\]](#)

In 2022, there were no pending lawsuits regarding breaches of fair competition rules against any key company of our Group.

[\[2-27\]](#)

In 2022, no instances of non-compliance with the laws or regulations were identified at Grupa Azoty S.A., Grupa Azoty Police or Grupa Azoty Puławy that would result in litigation outside the environmental area. Compensation of over PLN 45 thousand was awarded against Grupa Azoty Kędzierzyn for terminating an employment contract for cause despite a valid reason. The company did not appeal against the judgment. Instances of non-compliance with environmental laws or regulations are disclosed further on in this report.

Trade unions

As the Group, we fully respect employees' right to freedom of association and collective bargaining. Our commitment is to maintain positive, transparent and lawful relations with trade unions, fostering a constructive dialogue. No works council has been appointed at any of the Grupa Azoty Group's plants.¹

[Own disclosure]

Number of trade unions and trade union membership

Year	Number of trade unions		Number of employees who are members of trade unions		Percentage of employees who are members of trade unions	
	2021	2022	2021	2022	2021	2022
Grupa Azoty KĘDZIERZYN	5	4	1,480	1,113	69	52
Grupa Azoty Puławy	8	8	2,438	2,428	67	67
Grupa Azoty Police	6	6	1,791	1,767	71	70
Grupa Azoty Kędzierzyn	3	3	991	1,013	63	64



BEST PRACTICE

Labour dialogue and negotiations

At Grupa Azoty Puławy, any changes in the collective bargaining agreement are consulted with employees. The company has also established a collective bargaining agreement negotiation team, which deals with proposals put forward by the employer or by trade unions. Upon request from one of the parties, meetings are held with all trade unions active at the company as a platform to share essential information about Grupa Azoty Puławy's operations and to discuss any proposals and initiatives intended to improve the workforce's position.

The four key companies also have in place collective bargaining agreements, which outline fundamental principles related to employment, remuneration, employer and employee obligations, leave policies, occupational health and safety, healthcare and welfare, setting out mutual obligations of the parties.

Grupa Azoty S.A. has excluded a group of employees holding key management positions from the collective bargaining agreement, with individually concluded employment or managerial contracts specifying the terms of their employment and remuneration.

At Grupa Azoty Zakłady Chemiczne Police S.A., the collective bargaining agreement applies to all employees, except Management Board members, with whom managerial contracts or management services agreements are concluded for the duration of their service. For employees under management contracts, there are separate rules, appended to the collective bargaining agreement, defining the remuneration terms.

In locations such as Kędzierzyn-Koźle and Puławy, the terms of work and employment of staff members not covered by collective bargaining agreements are determined based on agreements applicable to other employees at the respective companies or agreements in force at other companies.

[2-30]

Employees covered by collective bargaining agreements

Percentage of employees covered by collective bargaining agreements	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN		SCROLL TABLE
	2021 ²	2022	2021	2022	2021 ³	2022	2021 ⁴	2022	
	99%	98.8%	100%	99.9%	100%	100%	98.7%	96.8%	

¹ The key Group companies have collective bargaining agreements in place, with specific exclusions, particularly for management personnel.

² At Grupa Azoty S.A., the collective bargaining agreement does not apply to persons employed under managerial contracts.

³ At Grupa Azoty Police, the collective bargaining agreement does not apply to the Management Board members, with whom managerial contracts or management services agreements are concluded for the duration of their service.

⁴ At Grupa Azoty Kędzierzyn, the collective bargaining agreement does not apply to the Management Board members and senior executives.



Anti-Corruption Code

[2-23] [2-24] [205-2] [2-26] [205-3]

We uphold the principle of 'zero tolerance for corruption'. This commitment is enshrined in specific provisions of our Anti-Corruption Code, a document complementing the Grupa Azoty Group Code of Ethical Conduct. This Code serves as a robust framework to eradicate or minimise corruption risks across all our operational markets, aligning with the uncompromising principle of 'zero tolerance for corruption'. Its provisions are applicable universally, spanning all employee levels within the organisational structure. They explicitly prohibit the offering, promising or authorising the provision of any material benefits, and conversely, the acceptance of such benefits in any form. Beyond addressing corruption, the Code also condemns nepotism, cronyism, and the provision of benefits to political parties or candidates for public offices.

The document outlines the Group's methodology for due diligence, including continuous monitoring, key risk indicators (KRIs), and a structured misconduct reporting system. While the Anti-Corruption Code does not directly address human rights, it references the Code of Ethical Conduct, which comprehensively defines the Group's commitment to respecting human rights. The Anti-Corruption Code is also integrated with the Grupa Azoty Group Strategy for 2021-2030, as specific strategic provisions refer to obligations set down in the Code.

Oversight and monitoring of the Anti-Corruption Code's implementation fall under the purview of the compliance manager.

The directors and heads of organisational units are required to acquaint their team members with the contents of the Anti-Corruption Code. In addition, employees can access the document via the company's intranet, review the definition of misconduct and relevant regulations, and find out the location on the premises of our companies of dedicated red mailboxes for reporting any corruption-related concerns. All newly recruited employees are required to read and acknowledge these documents, by signing a relevant statement. Such acknowledgements are recorded on a monthly basis. We also make sure the Group's senior management are familiar with the anti-corruption rules, which must be acknowledged by members of the companies' management boards on taking office. In 2022, 75% of all employees were acquainted with our anti-corruption policies and procedures.



BEST PRACTICE

In 2022, a requirement was introduced at Grupa Azoty Puławy to compile lists of employees who have acknowledged familiarity with the internal regulation on compliance management documents, including the Anti-Corruption Code.

The Anti-Corruption Code provides a clear process for reporting suspected breaches, instructing employees to report them to the compliance manager within a week. Misconduct can also be reported through dedicated channels described in the Whistleblowing Policy. The home page of our intranet features the 'Report misconduct' section: clicking the button opens a page with an address to which any suspected misconduct can be reported, and a link to the Whistleblowing Policy.

We also extend our commitment to anti-corruption measures to trading partners. Entry into any contractual relationship with the Grupa Azoty Group is conditional on the partner's acceptance of our rigorous anti-corruption rules. This requirement follows from the Trading Partners Code of Conduct. Our trading partners must confirm in writing that they are not involved in fraudulent tax practices and that the products they offer are not derived from criminal activity and are not traded in carousel fraud.



BEST PRACTICE

In 2022, Grupa Azoty Kędzierzyn conducted a total of 15 anti-corruption training sessions, involving 200 participants.

At Grupa Azoty Puławy, compliance management training was held to educate employees representing the human resources function and all employees having access to company mail. An information brochure was developed for blue-collar workers to be used as part of quarterly training. In addition, all holders of managerial positions and employees in senior roles were required to undergo remote training on how to prevent corruption, facilitated through the Central Anti-Corruption Office platform.

In 2022, there were no instances of corruption or fraud at Grupa Azoty Group companies.

Investigation into alleged fraudulent acts to the detriment of Grupa Azoty Police

In 2022, the investigation conducted by the Regional Prosecutor's Office in Szczecin into allegations of fraud committed to the detriment of Grupa Azoty Zakłady Chemiczne Police S.A. was closed. In December 2022, the Prosecutor filed charges against the accused, including former members of the Management Board of Grupa Azoty Zakłady Chemiczne Police S.A., to the Regional Court in Szczecin. The closed investigation focused mainly on activities undertaken between 2011 and 2016, alleged to have

caused financial damage of significant size to ZCH Police S.A., involving the execution and performance by the company of an agreement to purchase shares in African Investment Group S.A. of Senegal. The indictment covered a number of other counts, including misappropriation of funds of the Grupa Azoty Group's corporate foundation designated for the development of women's volleyball, breaches committed in executing purchase contracts for Kenyan ilmenite, financial damage caused to ZCH Police in connection with transport services, and obstruction of the investigation. The indictment filing consisted of more than 1,300 pages, and the total count of charges was 59 against 26 accused individuals.

[205-2]

Number of employees who are acquainted with the organisation's anti-corruption policies and procedures, by employee category

Position	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021 ⁵	2022 ⁶	2021	2022	2021	2022	2021	2022
Machinery operators	No data available	No data available	1.042	1.086	1.161	1.149	680	676
Other blue-collar jobs	No data available	No data available	1.020	1.059	420	420	130	129
Managers	No data available	No data available	168	172	112	107	105	112
Laboratory staff	No data available	No data available	157	170	187	184	127	127
Supervisors	No data available	No data available	262	259	143	145	90	91
Senior staff	No data available	No data available	152	164	6	7	130	127
Specialist staff	No data available	No data available	612	625	459	467	280	309
Senior management	No data available	No data available	62	64	30	27	20	18
Total	-	87	3.475	3.599	2.518	2.506	1.562	1.585

SCROLL TABLE

⁵ In 2021, 1,970 (87%) employees of Grupa Azoty S.A. were acquainted with the organisation's anti-corruption policies and procedures. The company does not aggregate such data by employee category.

⁶ In 2022, 87 (98%) new hires of Grupa Azoty S.A. were acquainted with the organisation's anti-corruption policies and procedures. Other employees were acquainted with those policies and procedures at the start of employment. The company does not aggregate such data by employee category.

Percentage of employees who are acquainted with the organisation's anti-corruption policies and procedures, by employee category

Position	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021 ⁷	2022 ⁸	2021	2022	2021	2022	2021	2022
Machinery operators	No data available	No data available	93.2	99.36	93.1	100	94.7	100
Other blue-collar jobs	No data available	No data available	93.3	98.42	91.3	99.3	98.5	100
Managers	No data available	No data available	90.3	100	97.4	100	94.6	100
Laboratory staff	No data available	No data available	82.6	93.41	91.7	98.9	96.9	100
Supervisors	No data available	No data available	97.1	99.62	90.5	99.3	95.7	100
Senior staff	No data available	No data available	88.4	98.8	85.7	100	91.5	100
Specialist staff	No data available	No data available	95.3	98.74	93.5	99.4	93.0	100
Senior management	No data available	No data available	88.6	100	96.8	100	95.2	100
Average	-	-	92.3	98.71	92.8	99.61	94.67	100

SCROLL TABLE

⁷ In 2021, 1,970 (87%) employees of Grupa Azoty S.A. were acquainted with the organisation's anti-corruption policies and procedures. The Company does not aggregate such data by employee category.

⁸ In 2022, 87 (98%) new hires of Grupa Azoty S.A. were acquainted with the organisation's anti-corruption policies and procedures. Other employees were acquainted with those policies and procedures at the start of employment. The company does not aggregate such data by employee category.

Number of Management Board members who are acquainted with the organisation's anti-corruption policies and procedures

	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
2021	7	4	4	5	20
2022	7	6	4	5	22

Number of Supervisory Board members who are acquainted with the organisation's anti-corruption policies and procedures

	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
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	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
2022	9	6	6	0	21

Percentage of Supervisory Board members who are acquainted with the organisation's anti-corruption policies and procedures

	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN ⁹	Average
2022	100	100	100	0	75.0

⁹ In 2022, the Supervisory Board members were not acquainted with the organisation's anti-corruption policies and procedures.

Number of employees who received anti-corruption training in the year stated, by employee category

Position	Grupa Azoty S.A. ¹⁰	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
	2022	2022	2022	2022
Machinery operators	0	141	1,149	0
Other blue-collar jobs	0	81	420	0
Managers	0	131	107	90
Laboratory staff	0	0	184	0
Supervisors	0	175	145	76
Senior staff	0	81	7	1
Specialist staff	0	476	467	17
Senior management	0	52	27	16
Total	0	1,301	2,506	200

¹⁰ In 2022, Grupa Azoty S.A. did not conduct any training on how to prevent corruption.

Percentage of employees who received anti-corruption training in the year stated, by employee category (%)

Position	Grupa Azoty S.A. ¹⁰	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
	2022	2022	2022	2022

Position	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
Machinery operators	0	12.9	100	0
Other blue-collar jobs	0	7.5	99.3	0
Managers	0	76.2	100	80.4
Laboratory staff	0	0	98.9	0
Supervisors	0	67.3	99.3	83.5
Senior staff	0	48.8	100	0.8
Specialist staff	0	75.2	99.4	5.5
Senior management	0	81.3	100	88.9
Average	0	31.2	99.6	32.4

Number of governing body members who received anti-corruption training in the year stated¹¹

Position	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
	2022	2022	2022	2022
Management Board	0	0	4	0
Supervisory Board	0	1	6	0
Total	0	1	10	0

¹¹ All governing body members and employees acknowledged at the time when the regulation was introduced that they were acquainted with the anti-corruption procedures.

Percentage of governing body members who received anti-corruption training in the year stated (%)

Position	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
	2022	2022	2022	2022
Management Board	0	0	100	0
Supervisory Board	0	16.7	100	0
Total	0	9.1	100	0



[2-23] [2-24]

The Grupa Azoty Group's Gift Policy is a comprehensive set of guidelines governing the giving and accepting of gifts within the organisation, as a supplement to the Code of Ethical Conduct, the Conflicts of Interest Policy, and the Anti-Corruption Code. Accessible to employees in both physical and digital formats (on the intranet and corporate website), the Policy aims to provide clear directives on acceptable practices regarding gifts that may be presented or accepted on behalf of the Group. This minimises the risk of suspected corrupt behaviour. To ensure transparency, the Policy also includes provisions for maintaining a register of both accepted and presented gifts. The document does not explicitly address human rights or international standards.

Rules for the giving and accepting of gifts, as prescribed by the Gift Policy:

- gift exchanges must be justified by business circumstances, ensuring relevance to professional engagements,
- the monetary value of a gift may not exceed PLN 200,
- gifts should be given with explicit intent,
- gifts should not influence the recipient's objectivity or impartial judgment,
- regular presentation of gifts to the same individual, with a monetary value exceeding PLN 400 in a year, is prohibited,
- gifts to individuals holding public functions are also generally prohibited¹²

¹² except for specific situations, such as offering flowers, cards or items with the Grupa Azoty logo (with a value up to PLN 200) in strictly defined official contexts.



Conflicts of Interest Policy

[2-15] [2-23] [2-24]

[2-23] [2-24]

We place a strong emphasis on ensuring that professional decisions are not influenced by family ties, personal relationships or financial interests. To uphold this commitment, the organisation has implemented the Conflicts of Interest Policy, describing potential conflict of interest situations and relevant procedures to address them. Employees are encouraged to proactively disclose any situations where their decisions might involve a conflict of interest. Such disclosure is to be made to the supervisor at least seven days before the decision is taken.

The Conflicts of Interest Policy contains specific provisions supplementing our Code of Ethical Conduct and Anti-Corruption Code, providing employees with a comprehensive understanding of potential conflicts of interest, their manifestations, and the resolution process. The document requires the directors and heads of organisational units to acquaint their team members with the contents of the Conflicts of Interest Policy.

[2-15]

Based on the prescribed procedures, employees are well-versed in identifying, disclosing, and addressing conflicts of interest. Members of the Management Board and Supervisory Board make a formal declaration of refraining from any activities, whether in the professional or private spheres, that could lead to a conflict of interest. If a conflict nevertheless arises, the affected board member must notify the Management Board or the Supervisory Board, as the case may be, and abstain from voting on related resolutions insofar as the conflict concerns that member. The company maintains transparency by publishing information about material related-party transactions on its [website](#). In 2022, there were no reported instances of conflicts of interest.



Whistleblowing Policy

[2-16] [2-23] [2-24] [2-25] [2-26] [406-1]

[2-23] [2-24] [2-26]

We have created an effective system for reporting any suspected misconduct related to the operation of the Group companies. The Whistleblowing Policy provides a clear definition of misconduct and outlines procedures for reporting any concerns, whether anonymously or on an open basis, depending on the whistleblower's preferences, and for conducting internal investigations to prevent, detect and identify the causes of any misconduct taking place at the Group companies. The Policy also specifies the conditions for becoming a whistleblower and related rights. This reporting mechanism is applicable to all employees and trading partners across the entire Group.

[2-26]

To ensure effective implementation of the Whistleblowing Policy, a dedicated team has been set up, including the compliance manager, the procurement officer, and the HR officer. There is also an Anti-Workplace Bullying and Anti-Discrimination Committee at Grupa Azoty Police, appointed for each reported incident by the President of the company's Management Board, chaired by the Head of the Human Resources and Management Department.

[2-26]

Employees are encouraged to promptly report any suspected misconduct, and stakeholders beyond the organisation are also urged to do so. Thanks to the implementation and strict adherence to the Whistleblowing Policy, it is possible to quickly and securely report any suspicions of unacceptable behaviour around the clock. The Group maintains its own whistleblowing channels, without involving third parties in the process. Concerns can be reported:

- personally to a superior or permanent member of the Management Board,
- by telephone to the compliance manager,
- by email on a 24/7 basis to: sygnalista@grupaazoty.com,
- by letter sent through traditional post or put in one of the red mailboxes located on the premises of the Grupa Azoty Group companies.

In 2022, we received 25 reports of suspected misconduct through the established whistleblowing channels.

All such reports are treated as confidential, with the anonymity of whistleblowers guaranteed. Their identities may only be disclosed if required by generally applicable laws. We do not seek to establish the identities of individuals who did not provide their personal details when submitting a report. Good-faith whistleblowers are protected from retaliatory action even if their reported concerns are not ultimately confirmed. They are protected primarily from all forms of discrimination, intimidation, ostracism, and other unfair treatment. All reports made by whistleblowers are investigated through an internal procedure involving several stages, as detailed in the Whistleblowing Policy available online.

[406-1]

In 2022, we received three reports regarding various forms of discrimination, including suspicions of workplace bullying – two at Grupa Azoty Kędzierzyn and one at Grupa Azoty Police. Investigations initiated following those reports in accordance with the Whistleblowing Policy did not confirm that such discriminatory practices had actually taken place.

[2-16]

In line with the internal regulations, the process of communicating concerns to the Management Board is overseen by the compliance manager. For a description of the entire process, refer to the Whistleblowing Policy.

[2-25]

We have proactively implemented procedures to minimise and mitigate the negative impact of the Grupa Azoty Group's business operations on the environment. In accordance with our Strategy for 2021-2030, the Group, as an entity aware of its environmental impact, is committed to eliminating the adverse effects of its business in accordance with the relevant environmental conditions stipulated by law and the principles of corporate social responsibility, as comprehensively outlined in the Group's Environmental Policy. Related documents include the Guidance for Responding to Nuisance Reports, the Industrial Accident Preparedness and Response Procedure, and the Industrial Accident Prevention Guidance (which have already been implemented), as well as the Internal Emergency Plan and the Safety Report (which have been developed and approved for implementation).

We operate in compliance with the Act on the Provision of Information on the Environment and its Protection, Participation of the Public in Environmental Protection, and Environmental Impact Assessments. This involves obtaining opinions, positions and

proposals from various institutional and non-institutional stakeholders, including local communities, who may be affected by the Group's activities. During public consultations, the Group transparently presents its planned capital projects, engaging with residents in line with resolutions of relevant administrative units. We maintain a register of grievances and nuisance reports, which allows us to monitor the Group's adverse impacts on the environment. In 2022, the Grupa Azoty Group received one anonymous nuisance report, but subsequent measurements did not corroborate that any standards were exceeded.



Trading Partners Code of Conduct

We place a strong emphasis on responsible, transparent, legally compliant and ethically sound business practices, not only within our own operations but also among trading partners. This commitment is underscored by our Trading Partners Code of Conduct, a document that outlines the expectations and obligations for all entities seeking to collaborate with our organisation. Business partners are required to uphold human rights and labour rights, counteract corruption and money laundering, engage in fair competition and avoid conflicts of interest. Furthermore, the Code precisely defines environmental criteria expected to be met by our trading partners, emphasising the need for a rational environmental management system, possession of all required permits, efficient use of natural resources, and measures to minimise emissions of pollutants into the air, water and soil. In addition, we encourage our suppliers to actively promote the Grupa Azoty Group's Trading Partners Code of Conduct among



DOBRA PRAKTYKA

The directors and heads of organisational units are required to acquaint their team members with the contents of the compliance management system, fostering a shared understanding of these standards. Every employee within the Group is expected to read the documents forming the compliance framework and sign an acknowledgement to that effect. Supervision ensuring that the compliance framework is consistently applied throughout the organisation is the role of the compliance manager or compliance officer, supported by the HR function.

Our focus is also on ensuring compliance and internal oversight of our codes and policies. As per the guidelines set out in the Best Practice for WSE Listed Companies 2021, Grupa Azoty S.A. has established an internal audit function. The Corporate Internal Audit Department plays a central role in coordinating and conducting internal audit activities across the Group and in supervising internal audit units at its key companies. As a unit whose remit spans the entire Group, the Corporate Internal Audit Department:

- coordinates activities of the other internal audit units across the Group,
- generates added value through collaborative efforts, by conducting global audits.

Internal audit units within the Group operate based on relevant rules of procedure, adhering to the International Standards for Professional Internal Auditing. The Corporate Internal Audit Department, reporting directly to the President of the Grupa Azoty S.A. Management Board, cooperates with the Audit Committee of the company's Supervisory Board, based on recommendations and guidance included in the Best Practice of the Audit Committee 2021. As at the end of 2022, the Corporate Internal Audit Department comprised six employees, all of them performing their tasks in accordance with the principles set out in the Code of Ethics and the International Standards for Professional Internal Auditing issued by the IIA (Institute of Internal Auditors). In 2022, the Head of the Department and one of the auditors were members of the Institute of Internal Auditors IIA Poland, demonstrating a commitment to professional standards.

The Department pursues initiatives aimed at strengthening and improving the Group-wide audit processes, fostering integration among the Group's audit units, for example through joint training provided to auditors from various Group companies. Its activities in 2022 included amendments to corporate documents pertaining to the internal audit process with a view to:

- enhancing the Department's role as an internal audit unit within the Group,
- standardising internal audit rules across the Group,
- optimising the effective use of internal audit resources at the Group companies.

Results of the audit work included recommendations for corrective actions, process improvements or new arrangements with the overarching goal of minimising risks, enhancing the internal control system, optimising processes, and increasing the likelihood that the Group will be able to achieve its objectives. In 2022, no audits were conducted that would be focused specifically on social aspects of the business.



OUR MANAGEMENT APPROACH

Governance structure

[2-6] [2-10]

The recruitment process is governed by the General Meeting's resolution setting out the Rules for Recruitment and Selection of Members of the Management Board. The evaluation criteria include a candidate's independence, while diversity is not considered among the criteria for selection of Management Board members. Any member of the Management Board may be removed or suspended from duties by the Supervisory Board or the General Meeting. Because Grupa Azoty S.A. is a state-owned company, the appointment and removal of members of its Management Board are governed by the Commercial Companies Code, the Act on State Property Management, the company's Articles of Association and the Rules for Recruitment and Selection of Members of the Management Board. For information on the remits assigned to members of the Management Board, [see the Directors' Report on the operations of Grupa Azoty](#).

The company's Management Board consists of no more than seven members, including the President, Vice Presidents and other Members. The number of Management Board members is defined by the governing body competent to appoint the Management Board. Members of the Management Board are appointed for a joint three-year term of office. The Management Board manages the company's affairs and represents the company in all court and non-judicial activities. Any matters outside the ordinary course of the company's business require a resolution of the Management Board.

One of the Management Board members appointed by the Supervisory Board is elected by the company's employees as long as the average annual head count at Grupa Azoty S.A. exceeds 500 employees.

The Supervisory Board consists of five to nine members appointed by the General Meeting, subject to the provisions of the company's Articles of Association stipulating that:

- the State Treasury of Poland, as a shareholder, has an individual right to appoint and remove one member of the Supervisory Board,
- the Supervisory Board includes members elected by the company's employees.

Members of the Supervisory Board are appointed for a joint three-year term of office. At least two of them are independent members, meeting all the relevant independence criteria. In 2022, the independent members were: Monika Fill, Marcin Mauer, and Michał Maziarka. They met the independence criteria set out in the Act on Statutory Auditors, Audit Firms and Public Oversight, and had no actual and material relations with any shareholder holding 5% or more of total voting rights in the company.

The Chair of the Supervisory Board is appointed by the General Meeting. The Deputy Chair and the Secretary are elected by the Supervisory Board, at its first meeting, from among that body's members. Key powers and responsibilities of the Supervisory Board include:

- appointing, suspending and removing from office members of the Management Board,
- assessing the Management Board's proposals on distribution of profit or coverage of loss,
- assessing the Directors' Report on the operations of Grupa Azoty S.A. and the Grupa Azoty Group, as well as of separate financial statements of the company and the consolidated financial statements of the Group for their consistency with accounting records, supporting documents and relevant facts,
- appointing an audit firm to review and audit the financial statements of the company and the consolidated financial statements of the Group,
- approving the company's long-term strategic plans,
- granting consent for the Management Board to execute material legal transactions,
- approving annual budgets including capital expenditure budgets,
- issuing opinions on all matters submitted by the Management Board for consideration to the General Meeting,
- delegating Supervisory Board members to temporarily replace Management Board members who are unable to perform their duties.

In 2022, the following committees operated as consultative and advisory bodies within the Supervisory Board:

- **Audit Committee,**
- **Strategy and Development Committee,**
- **Corporate Governance Committee.**

The **Audit Committee's** main tasks are those prescribed for that body in the Act on Statutory Auditors, Audit Firms and Public Oversight, the company's Articles of Association and resolutions of the Supervisory Board. The Audit Committee has the right to demand that the Management Board supply any information, materials and explanations required for the performance of its tasks.

The role of the **Strategy and Development Committee** is to provide opinions and recommendations to the Supervisory Board regarding the company's strategic plans, capital projects, long-term strategies, capital project implementation reports, strategy operationalisation and capital expenditures. In addition, it monitors changes in the Group's industry relations and projects covered by the Group's strategic agreements.

The remit of the **Corporate Governance Committee** is to support the Supervisory Board in matters related to corporate governance, encompassing principles and standards for the effective management and achievement of strategic objectives. This involves providing opinions and recommendations to the Supervisory Board on legal and regulatory matters concerning the company's operations, as well as nominations and remuneration for members of the Management Board and Supervisory Board.

For further details on the powers and activities of the Supervisory Board, the Management Board, and the biographies of their members, refer to the [Directors' Report on the operations Grupa Azoty](#).

[2-12]

The vision, values, strategies, policies, and objectives related to sustainable development at our Group are collaboratively developed with the involvement of the Management Board which, together with the Supervisory Board, approves their final shape. **Oversight of the sustainability management process is the responsibility of a designated member of the Management Board whose remit includes ESG aspects.** Given that the pursuit of sustainable development spans all areas of the Group's activities, representatives from various departments and organisational levels are also actively engaged. **In 2023, a Corporate ESG Department was established and its Head was appointed.**

[2-17]

The Group's governing bodies continuously enhance their ESG expertise through regular meetings with experts and employees responsible for sustainable development. In 2022, the Corporate Communication and Marketing Department informed the Management Board and the Supervisory Board about the new ESG reporting procedures and the company's preparations for the upcoming changes.

[2-18]

All members of the Management Board are obligated to meet the management objectives, contributing to the delivery of the Grupa Azoty Group Strategy for 2021-2030 (including its ESG strategy) to ensure the long-term interests, development, and stability of the company. The Supervisory Board is responsible for overseeing the activity of the Management Board. In 2022, the Supervisory Board held 11 meetings.

[2-13]

Executive-level responsibility for economic, environmental, and social topics. Primary responsibility for these topics is vested in the Management Board. Relevant responsibilities at the key Group companies have been divided as follows:

Grupa Azoty S.A.:

- economic matters: Head of the Corporate Finance Department and Head of the Corporate Controlling Department,
- social matters: Head of the Corporate Organisation and Human Resources Department and Head of the Corporate Communication and Marketing Department,
- environmental matters: Head of the Corporate Technology and Energy Department.

Grupa Azoty Kędzierzyn:

- economic matters: Head of the Finance Department, Head of the Controlling Department,
- social matters: Head of the Management and Human Resources Department,
- environmental matters: Head of the Safety Department.

Grupa Azoty Puławy:

- economic matters: Head of the Finance Division/Chief Controller,
- environmental matters: Head of the Support Division,
- social matters: Head of the Human Resources Division/ Head of the Corporate Division.

Grupa Azoty Police:

- economic matters: Head of the Finance Department and Head of the Controlling Department,
- environmental matters: Head of the Plant Safety Department and the Project Manager for GHG Emissions, Technological and Environmental Analysis,
- social matters: Head of the Human Resources and Management Department.

The holders of these positions at the respective companies report to the Management Board with the frequency reflecting internal and external needs.

Remuneration policies

[2-19]

Grupa Azoty S.A.'s senior managers, including senior officers and the holders of key managerial positions, receive remuneration based on the provisions of the collective bargaining agreement or the Rules for Remunerating Management Personnel. Management personnel hold employment contracts, but are excluded from the collective bargaining agreement, having their remuneration and bonuses specified in the Rules for Remunerating Management Personnel and in their individual contracts. Remuneration of other senior managers is determined based on the provisions of the collective bargaining agreement.

The remuneration of senior managers comprises a fixed monthly amount, as specified in the contract, and an annual bonus capped at three times the fixed amount. The bonus is contingent on the performance against individual objectives set out in the MBO sheets, and evaluation of the manager's overall performance performed by the Management Board. The rules for remunerating other managers (encompassing fixed and variable components) are set out in the collective bargaining agreement.

We have also implemented the Remuneration Policy for Members of the Management Board and Supervisory Board, approved by the General Meeting in 2020, which defines the rules and conditions for remunerating members of these corporate bodies, ensuring delivery of the company's business strategy, securing its long-term interests, stability, development, and value growth. According to the Policy, total remuneration received by a member of the Management Board comprises a fixed monthly amount and a variable amount, representing additional remuneration for the company's financial year. Fixed remuneration payable to individual members of the Management Board ranges from seven to fifteen times the average monthly remuneration in the enterprise sector (net of bonuses paid from profit) in the fourth quarter of the preceding year, as announced by the President of Statistics Poland (GUS). Variable remuneration for a financial year depends on each member's performance against individually assigned management objectives and may not exceed 100% of the total fixed remuneration received for the financial year for which the variable remuneration is calculated. Members of the Management Board are entitled to severance pay upon meeting relevant conditions for contract termination specified in the Remuneration Policy. The Policy does not provide for additional pension schemes or repayment of remuneration.

[2-20] [2-21]

The remuneration policy for all employees of the Grupa Azoty Group is based on arrangements agreed with the trade unions. Annually, by the end of February, parties to the collective bargaining agreement (including members of the Management Board and employee representatives) negotiate and conclude pay agreements, determining the average pay growth rate and rules of the incentive scheme. If no agreement is reached by the end of March, the average pay growth rate is set unilaterally by the Group. External consultants or other stakeholders are not involved in the remuneration process. In 2022, the annual total compensation ratio at the¹ four main Group companies was 4.62, having changed² by 0.52.

[2-21]

Annual total compensation ratio³

	Annual total compensation ratio	Change in annual total remuneration ratio
Year	2022	2022
Grupa Azoty S.A.	5.7	0.3
Grupa Azoty PUŁAWY	4.3	0.7
Grupa Azoty POLICE	5.4	1.0
Grupa Azoty KĘDZIERZYN	3.3	0.2

¹ Ratio of annual total remuneration for the organisation's highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual).

² Ratio of the percentage increase in annual total remuneration for the organisation's highest-paid individual to the median percentage increase in annual total remuneration for all employees (excluding the highest-paid individual).

³The annual total compensation ratio represents the ratio of remuneration for the organisation's highest-paid individual (President of the Management Board) to the median annual total remuneration for all employees, excluding the highest-paid individual. Figures used in the calculation included full-time equivalent remuneration for part-time employees and full remuneration for all employees, consisting of base pay and additional benefits, such as bonuses.



INNOVATIONS

Our approach to innovation

[IR – Corporate governance]

We turn good into better, and better into even better. We develop through innovation, relying not only on our external environment but also on our employees to source innovative ideas. We are convinced that innovation can significantly accelerate the chemical sector's progress.

Implementation of programmes designed to stimulate innovation, including employee innovation, is a priority focus of our innovation strategy for 2021–2030.

The innovation strategy is a pivotal element of our mission and vision until 2030. We see new and improved products as a way to entrench our Group's long-term competitive advantage. **By 2030, we intend to spend 2–3% of the Group's revenue on research, development, pilot plants, and innovation.**

We have identified four priority areas:

- innovation projects,

- enhancement of the innovation system,
- support for corporate projects,
- innovation geared towards minimising the impact of various policy risks.

In 2022, we adopted two documents to define procedures for implementing employee innovations: the Intellectual Property Management Policy and the Employee Innovation Rules. These documents are intended to facilitate effective harnessing of the knowledge, ingenuity, and creativity of our staff and then implementation of their ideas into real-life settings, and to establish uniform rules for the submission, consideration, evaluation, and rewarding of such ideas.

In 2022, we successfully expanded the digital repository of our R&D projects completed since 2000, with the addition of two modules – Market Analyses and Patents & Licences – a digital collection of all licences and patents held by our four key companies.

In 2022, the Grupa Azoty Group obtained ten new patents, with further patent applications pending review by the Patent Office.

In 2022, we commenced work on the Strategic Research Agenda for the Group, aimed as a comprehensive document presenting the organisation's research and development needs and defining its development focus. The Strategic Research Agenda is expected to help bridge the gap between the vision for the Group's future and the status quo. It is about developing our technologies, services, products, and manufacturing processes, while improving enterprise management methodologies and the execution of support processes. In 2022, we developed the implementation concept and drew up a report entitled 'Implementation of the Strategic Research Agenda at the Grupa Azoty Group – Concept and Approach' to encompass our action plan and relevant methodology. The work was divided into three stages: preparation, implementation and documentation, with the start of stage one in December 2022.

For many years, the Group's laboratories and research centres have been working on fertilizers, plastics, and other developments. We are well aware how important R&D work is for a modern chemical company, which is why we are expanding our research facilities to validate our R&D outcomes on a pilot-plant scale.



BEST PRACTICE

Infrastructure projects run by our companies

In 2022, Grupa Azoty S.A. completed the first stage of its investment in shared infrastructure for agronomic research. We also put into service a phytotron facility for product efficacy testing. Phytotron studies will revolutionise the testing methodology for fertilizers and plant growth stimulators, meeting the needs of our R&D

units and the requirements of our sales force.

In 2022, Grupa Azoty Puławy continued work on the infrastructure project designated as 'Strengthening the potential of Grupa Azoty Zakłady Azotowe Puławy S.A. in the R&D&I area'. The project involves building a research centre and equipping it with comprehensive infrastructure necessary for carrying out industrial research and development work within the company's two strategic business areas: fertilizers and biotechnology. Grupa Azoty Polyolefins took a similar initiative, providing the necessary resources to meet key customer requirements for its products. To upgrade the laboratory, ten equipment items meeting ISO standards were purchased.



BEST PRACTICE

Research and Development Centre in Kędzierzyn-Koźle

The Research and Development Centre of Grupa Azoty Kędzierzyn was officially launched in 2022. The PLN 39 million project will allow the company to expand the scale and scope of its current research, especially in the Oxoplast™ segment, helping it extend the product chain and process base chemicals into speciality products. The R&D Centre houses ten research laboratories over an area in excess of 1,900 square metres.

We are aware of the changes lying ahead. Our priorities for research and development will be defined in the Strategic Research Agenda. The projects currently under way include the development of speciality ammonium nitrate-sulfate fertilizer products with functional additives, mineral and organic fertilizer compositions based on dolomite powder, biodegradable materials for coating granulated fertilizers, and a fertilizer composition based on sawdust and ammonium sulfate in the form of pellets, using thermoplastic starch binder. We will continue our research and development into new generation nitrification inhibitors and investigate the effect of the addition of nitrification and urease inhibitors to the Group's fertilizers on crop yields, soil properties, and emissions of nitrogen compounds into the atmosphere. We also intend to step up our precision farming activities in line with the European Commission's main goal for the agro sector, which is to improve fertilization efficiency.

[Read more about our innovation strategy](#)



Learn more about our partnerships with science

We collaborate with several dozen leading universities and member institutes of the Łukasiewicz Research Network. We jointly implement both commercial projects and projects partly financed with European funds obtained via the National Centre for Research and Development under the Smart Growth Operational Programme.

In 2022, we ran another edition of the **Grupa Azoty Brand Ambassador** programme for undergraduates and doctoral students. In the academic year 2021/2022, six ambassadors designated by the Group's largest companies assisted in our promotional and informational efforts targeting the academic community. Their tasks included meetings with students of secondary technical schools, raising awareness of cooperative links between business and science, and helping participants realize how they can steer their career development paths together with Grupa Azoty Group companies. The ambassadors took part in job fairs for the academic community, informing students of the available internship and traineeship opportunities. They were also engaged in promoting Idea4Azoty, the Grupa Azoty Group's acceleration programme, through social media activity, communication efforts, competitions and quizzes.

As part of our engagement with universities, we were involved in the **implementation doctorates** project. Employees of the Group companies have been able to combine doctoral studies with professional work since the project's inception in 2017. Doctoral programmes are conducted in partnership with the Silesian University of Technology, West Pomeranian University of Technology and University of Szczecin. In 2022, five persons were awarded doctoral degrees: one from Grupa Azoty Kędzierzyn and four from Grupa Azoty Police.



BEST PRACTICE

Scientific partnerships of our companies

In 2022, Grupa Azoty S.A. signed a cooperation agreement with the State Higher Vocational School in Nysa to carry on joint research and development into fertilizers and energy efficiency. The school's students will be able to benefit from expert support in writing their bachelor's, engineer's and master's theses on themes relevant to the company's business profile. The cooperation will also cover aspects related to the circular economy.

Grupa Azoty Police signed an agreement with the Ignacy Łukasiewicz School Complex in Police whereby the company is to provide apprenticeships for future chemical engineering technicians and industry training for teachers. Grupa Azoty Police has collaborated with the school since 2014, when an agreement was signed to establish a class for chemical engineering technicians. In 2018, the company established a similar partnership with School Complex No. 2 in Szczecin, as a result of which two classes were founded for future laboratory technicians and chemical engineering technicians.

In 2022, Grupa Azoty Police signed a cooperation agreement with the Academy of Applied Sciences of the University of the Common Knowledge Society in Szczecin. The partners agreed on relevant arrangements to provide internship and apprenticeship opportunities for students and graduates and to enable the conduct of research work by undergraduates and doctoral students.

Grupa Azoty Police will also offer internship openings for students of the Faculty of Electrical Engineering of the West Pomeranian University of Technology in Szczecin. The company signed an agreement with the university authorities to implement joint research and scientific projects and to promote advanced technology solutions created by students in papers and dissertations.



Learn more about our collaboration with start-ups

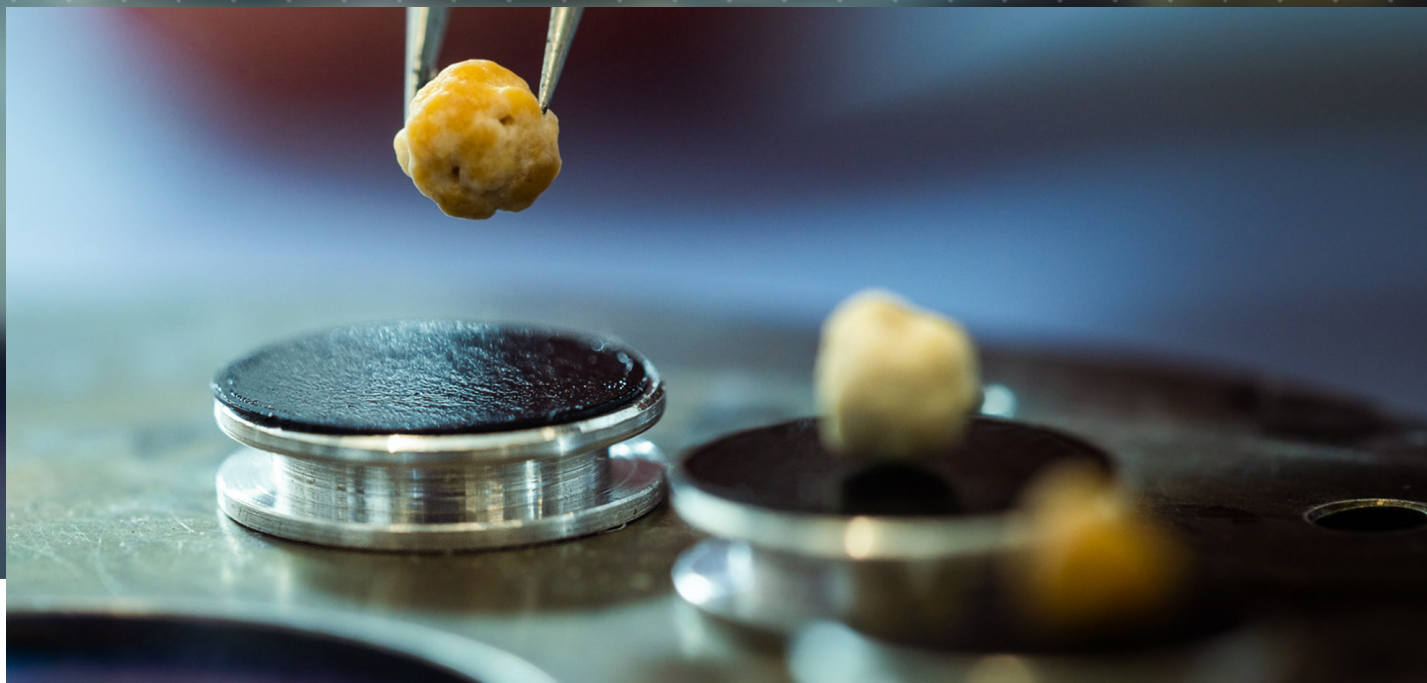
[2-16]

[2-6]

With a view to accelerating the roll-out of advanced solutions, we cooperate with innovative players capable of making improvements within certain areas of our business. To make it easier for start-up companies to approach Grupa Azoty, an industry giant, we run **Idea4Azoty, our own acceleration programme**. A single application round attracted as many as 48 applicants interested in sharing with us their development project ideas. The Group additionally participates in external acceleration schemes, such as the one funded by the Polish Agency for Enterprise Development (PARP). In 2022, Grupa Azoty Puławy continued its involvement in the Eastern Business Accelerator platform operated by the Puławy Science and Technology Park, and in the Connect Poland Prize platform operated by the Lublin Science and Technology Park.

In 2022, Grupa Azoty S.A. was a partner in the KPT ScaleUp and KPT Poland Prize acceleration programmes, as part of which it was able to review several hundred proposed solutions. In 2022 alone, it carried out six pilot projects to test dedicated Industry 4.0. digital solutions.

EIC Procurers Days with Grupa Azoty, an event organised for our Group by the European Innovation Council, were held in October 2022. During the two-day event, our representatives met with European companies offering innovative solutions that could be potentially implemented by the Grupa Azoty Group.



INNOVATIONS

Innovations in 2022

Projects implemented in 2022 included:

[203-2]

Agricultural innovations

■ Satellite crop monitoring

Analysis of satellite images providing farmers with information on the condition of field crops and their temporal and spatial variation. **In this way, we support precision farming across soil analysis, fertilizer application, sowing, and plant protection.** Introduced in collaboration with SatAgro, the service helps farmers keep track of agricultural treatments and maintain yield maps. **In 2022, the programme covered 229 farms cooperating with the Grupa Azoty Group, spanning approximately 63,000 hectares.**



■ Soil scanners

Our goal is to precisely match fertilizers with specific farmlands. To this end, we use SoilCares, advanced soil scanning devices, through which we can precisely communicate fertilizer recommendations to our farmer partners within minutes, helping them choose the best fertilizer based on the crop and timing, and boosting agricultural productivity. In 2022, 769 farms used our soil scanning service, with 5,616 soil scans performed.

■ Precision farming in Peru

We engaged in discussions with the Embassy of Peru regarding potential cooperation in the field of precision farming. The Peruvian agricultural sector aims to align its local regulations with the requirements and commitments of the European Green Deal.

■ New products based on urease inhibitor – AZOVILEN® S and AZOVILEN® G

In 2022, Grupa Azoty CHORZÓW began to market two new products: AZOVILEN® S and AZOVILEN® G, developed in cooperation with the Research and Development Centre of Grupa Azoty S.A. through the 'Research to develop new formulas for preparations based on urease inhibitor' project.

AZOVILEN® G is a liquid nitrogen stabilizer, an additive to solid nitrogen fertilizers containing urea nitrogen. The EU fertilizing product is based on NBPT as an active substance, its concentration fine-tuned to optimise the product's efficacy. Its application reduces urease activity in soil, which prevents excessive (quick) transformation of urea into ammonia and carbon dioxide, reducing their emissions into the atmosphere. This increases the efficacy of nitrogen in the fertilizer, improving crop yields and quality. Having secured a positive decision from the Polish Centre for Testing and Certification, AZOVILEN® G may be placed on the European market and sold in all member states of the European Union without additional registration.

AZOVILEN® S is a liquid nitrogen stabilizer, an additive to nitrogen fertilizers containing amide nitrogen. It is designed for use with urea-ammonium nitrate solutions and to coat urea granules.

■ New fertilizer product Polist

Grupa Azoty Police is preparing the market launch of Polist, a liquid foliar fertilizer with an 18% amide acid content (absorbed through the leaf surfaces instead of the roots). The fertilizer is recommended for all species of crop plants, including winter and spring cereals, winter rape, maize, potatoes, grassland, as well as vegetables and fruit. Rapidly releasing nitrogen into plants, Polist does not replace but supplements the soil application of nutrients.

■ Biodegradable anti-caking agent

We conducted industrial production tests on a biodegradable anti-caking agent for fertilizers. In 2022, the project was in the pre-investment analysis phase, as many Group companies had expressed interest in adding the product to their portfolios.

■ Utilisation of by-pass dust from cement plants

In 2022, we validated our technology for obtaining potassium chloride from by-pass dust generated at cement plants. We also commenced technical and economic analyses of its industrial-scale deployment.

■ Humic acid line

In 2022, we launched commercial production of humic acids for Tohumus® (the main product). The new line was developed through research work carried out at the Grupa Azoty Research and Development Centre in Tarnów. We are developing further products, and we have confirmed that Tohumus® can be applied with Polist foliar fertilizers containing selected microelements. The project is an element of our process of aligning with the requirements of the European Green Deal.

Tohumus makes it possible to introduce humic compounds into soil and produce more quality food, while improving soil fertility. The product supports regenerative agriculture by recreating and maintaining crop yield potential. The efficacy of Tohumus was confirmed by the Institute of Soil Science and Plant Cultivation – State Research Institute in Puławy and by the National Institute of Horticultural Research in Skierniewice.

We obtain humic acids by using our proprietary technology to produce growth stimulants from lignite, a natural raw material.

■ Granulated fertilizer unit

In 2022, we started the pre-commissioning and commissioning procedures on the second line for mechanical granulation of nitrate at Grupa Azoty Puławy. Both lines are expected to achieve an estimated daily production capacity of 1,200 tonnes of mechanically granulated nitrate or 1,400 tonnes of CAN. The first line was launched in June 2021, as one of the largest fertilizer projects completed over the recent years in Poland, creating new jobs at Grupa Azoty Puławy.

The plant's output of mechanically granulated ammonium nitrate and calcium ammonium nitrate is expected to satisfy the growing demand from large-scale agriculture in Poland and Europe. **The application of fertilizers in the form of larger-diameter granules allows a wider spread pattern, which improves sowing efficiency, especially on large farms.** Such fertilizers are products of first choice for foreign customers, and demand for them is expected to grow also in the Polish market given the ongoing land consolidation process.

■ Technology for obtaining potassium thiosulfate

Grupa Azoty Puławy introduced an innovative technology for the production of potassium thiosulfate using flue gases from sulfuric acid plants and production of potassium thiosulfate-based compound liquid fertilizers. **It helps reduce emissions of sulfur dioxide and nitrogen oxides into the atmosphere by approximately 90%, aligning with the circular economy model.** In May 2022, the final report on the project work was accepted by the National Centre for Research and Development (NCBiR). In November 2022, Grupa Azoty Puławy started an upgrade of its alkaline absorption unit at the Sulfuric Acid Department and construction of an industrial-scale potassium thiosulfate unit.

Production innovations

■ NOx reduction technology

A new technology was developed to reduce emissions from the ammonium nitrite unit. The solution, which involves re-reacting NOx emitted by the unit to obtain an additional amount of ammonium nitrite, has successfully passed the pilot phase. Its implementation was started in 2022, with technical documentation process now under way.

■ Adipic acid production

In 2022, work was continued at Grupa Azoty Puławy to restore domestic production of adipic acid, implemented as a collaborative project with the Silesian University of Technology. In 2022, the project team was additionally joined by Consultchem Design. **The new acid production method is expected to be environmentally friendly, significantly reducing nitrogen oxide emissions compared to the conventional process.**

■ Fifth line of the nitric acid unit

In 2022, Grupa Azoty Puławy continued the construction of a fifth line of its nitric acid unit. The production, auxiliary, and engineering facilities were completed, and process equipment was installed. The work progress is estimated at 70%. Under the

same project, the Group has completed the construction of a new neutralisation unit and is upgrading one of the four nitric acid lines.

■ Utilisation of hydrogen

In 2022, Grupa Azoty Police was implementing a project to utilise hydrogen from its propylene production unit, part of the ammonia facility. It will reduce the amount of natural gas consumed in the ammonia production process, bringing down carbon dioxide emissions. The project is scheduled for completion at the end of 2023.

■ Expansion of the Oxoplast™ segment's product portfolio

In 2022, Grupa Azoty Police launched commercial production of the Oxoplast™ segment's new products: Oxofine™ TOTM and Oxofine™ Poly2K, the first polymeric speciality plasticizer to be offered by the Group. The former's main applications are in the production of electric cables and wires, the automotive industry and medicine. It is highly resistant to chemicals and high temperatures. As for Oxofine™ Poly2K, it is intended for use in plastics processing, including the production of toys, cables, wires, garden hoses, textiles, paints, varnishes, etc.

Other innovations:

■ Laboratories of the Future

[2-6]

Grupa Azoty S.A. signed a cooperation agreement with SEB-COMP under the Laboratories of the Future programme implemented by the Polish Ministry of Education and Science together with the GovTech Centre at the Prime Minister's Chancellery. The cooperation is to involve initiatives raising the awareness of incremental technologies, in particular FDM/FFF, among teachers and students. The training aids will include materials and filaments produced by Grupa Azoty S.A.

■ New Energy Concept in Kędzierzyn-Koźle

Two projects were completed within the New Energy Concept framework, with a total investment value of PLN 36.1 million, located on the premises of the Ammonia Department at Grupa Azoty Kędzierzyn. The 'Upgrade of the ammonia liquefaction unit' and 'Replacement of K-2 and K-3 ammonia gas compressors with electric units' are part of the New Energy Concept, one of the company's key investment programmes.

■ Development of 3D printing technology

In 2022, we added recycled filaments to our range of 3D printing materials to meet the demand from 3D print users. The new Tarfuse® rPLA line comprises **filaments made from 100% industrial recyclate granules derived from residual waste recycling**. In addition, we expanded our portfolio of 3D printing products to include light-curing resins. We also validated the use of the SLS polyamide powder technology in 3D printing and initiated work to enhance the process economics.

■ Biodegradable and compostable polymers line

Grupa Azoty S.A. is the first company in Poland to have launched a line of biodegradable and compostable polymer granules. The new envifill® line has been developed based on the Grupa Azoty Group's with no plasticizer content for obtaining thermoplastic starch made from bio-renewable and compostable materials with no plasticizer content. Envifill® products are designed for applications in extrusion blow moulding, injection moulding, and other technologies, including 3D printing. In 2022, we launched a pilot plant for the production of envifill®, with a particular focus on the product range dedicated for blow moulding and injection moulding applications. Thanks to the relevant certification process, the products can be sold on the market of dry food packaging. A TUV certification process was also initiated in 2022 to confirm that the products are biodegradable, meeting the expectations of our business partners.

■ KAPROPOL

In 2022, Grupa Azoty Puławy was completing work on the KAPROPOL project, an innovative technology to obtain ε-caprolactone – a biodegradable monomer for the production of polycaprolactone (PCL), which is used, for instance, in medical applications. Front-end engineering is now under way for a pilot plant with an annual capacity of 200-500 tonnes, operating in a continuous system. At the same time, a preliminary estimate of capital expenditure was prepared for a commercial-scale plant with an annual capacity of 5,000 tonnes. In order to obtain missing data for the design, additional testing was conducted on specific parameters of individual processes within the technology under development.

■ Green amber

We continue our efforts to develop an environmentally friendly technology for the production of succinic acid. We aim to develop a succinic acid biosynthesis method using a safe and highly efficient microbiological biocatalyst that could be used to process renewable and waste materials. In 2022, we began scaling up the succinic acid production process to a demonstration bioreactor level. The research will underpin a separate investment project involving the construction and commissioning of a production facility based on the developed biosynthesis technology.

■ **Plastics Application Design and Development Centre**

The Plastics Application Design and Development Centre is an organisational unit of Grupa Azoty S.A., established in 2022 following transformation of the former Plastics Laboratory. Its role is to develop and adapt the plastics portfolio to constantly evolving market needs and requirements in close cooperation with our customers buying engineering plastics and with the Grupa Azoty Group's production units. The Centre's activities include:

- plastics design and testing,
- cooperation with customers throughout the process – from product inquiries to final application,
- technical support services concerning material selection, processing, and use,
- offering innovative materials,
- quality control and assurance for the offered materials,
- assessing conformity with the requirements of various industries.

The Centre operates based on an Integrated Quality, Environmental and Safety Management System certified according to ISO 9001, 14001, 45001, as well as the IATF 16949 automotive system, which is now being implemented. The Centre's offering includes commercial services involving specialist research and analysis of engineering plastics.

In 2022, the Centre researched and developed new types of modified plastics, based mainly on polyamide 6 produced by the Group.

■ **Introduction of ISCC+**

The Grupa Azoty Group has successfully passed a certification audit of the International Sustainability & Carbon Certification Plus (ISCC+) system. **With this system, the Group will be able to deliver to its customers certified plastics with a significantly lower carbon footprint, produced from bio-based feedstocks** such as biophenol, biocyclohexanone, and biocaprolactam. The standard covers the use of sustainable feedstocks, semi-finished products and products (including circular ones) in industrial production. The objective of the ISCC Plus standard is to reduce the consumption of fossil resources in favour of renewable materials.

■ **Development of new generation catalyst**

In 2022, we developed a **new generation catalyst for a low-temperature hydrogen and syngas production process**. Its performance was confirmed in industrial settings, in a low-temperature water-gas shift reaction, on one of Grupa Azoty S.A.'s operating industrial reactors. Deliverables of the project, which was co-financed by the National Centre for Research and Development, are expected to be commercialised in the coming years.



INNOVATIONS

Key investment projects in 2022

[\[IR - Presentation of results\]](#)

We spent more than PLN 1.78 billion on development projects – the largest one being the construction of the Polimery Police plant for more than PLN 1.53 billion.

Key CapEx projects

as at December 31st 2022



Polimery Police project

STAGE OF COMPLETION

98.6%

PROJECT BUDGET: USD 1.838 BILLION



Facility for production of granulated fertilizers based on ammonium nitrate

STAGE OF COMPLETION

100%

TOTAL BUDGET: PLN 430 MILLION



Construction of coal-fired power generation unit

STAGE OF COMPLETION

93%

BUDGET: PLN 1,200 MILLION



Upgrade of existing nitric acid production units and construction of new nitric acid production and neutralisation units and units for production of new fertilizers based on nitric acid

STAGE OF COMPLETION

69%

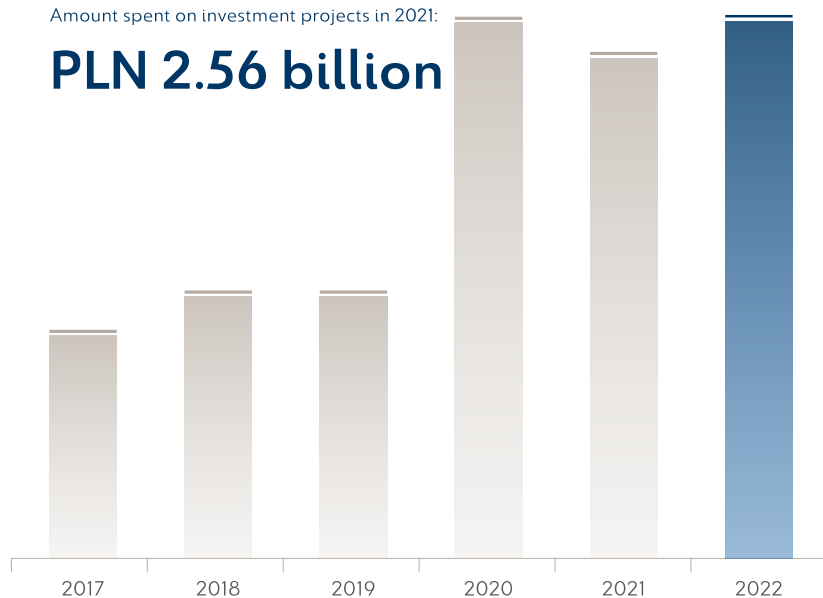
TOTAL BUDGET: PLN 695 MILLION

Capital expenditure

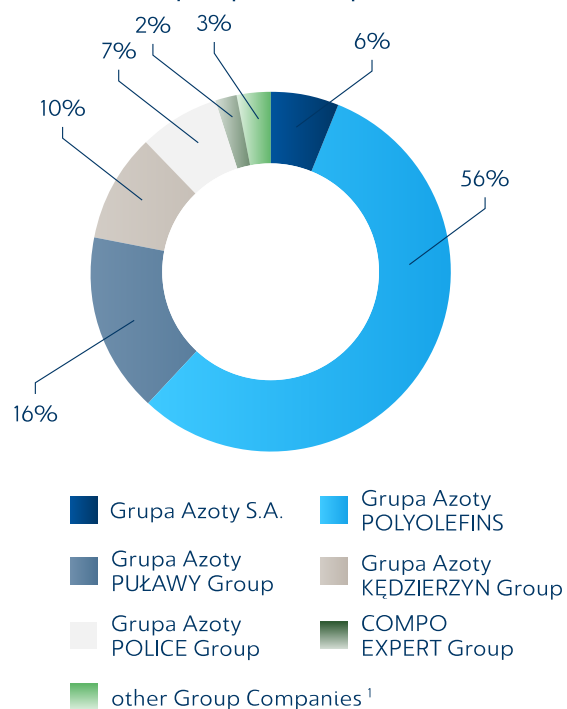
(PLN million)

Amount spent on investment projects in 2021:

PLN 2.56 billion



Structure of capital expenditure

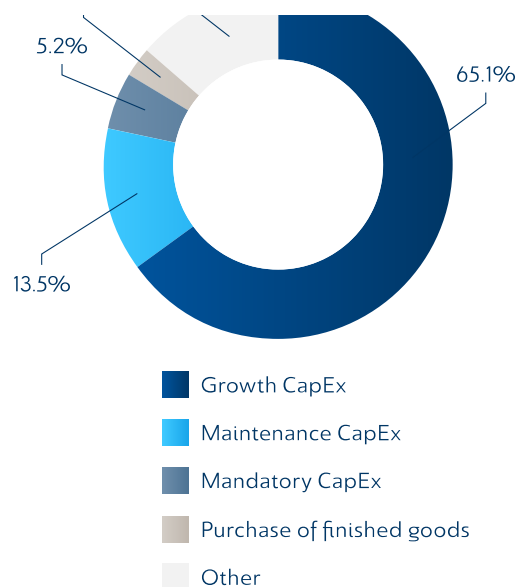


¹Grupa Azoty Koltar, Grupa Azoty Siarkopol, Grupa Azoty PKCh, Grupa Azoty Compounding, Grupa Azoty ATT POLYMERS

Grupa Azoty Group's capital expenditure:

	2021	2022
Growth CapEx	PLN 1,279,866 thousand	PLN 1,788,074 thousand
Maintenance CapEx	PLN 288,618 thousand	PLN 370,551 thousand
Mandatory CapEx	PLN 654,268 thousand	PLN 141,544 thousand
Purchase of finished goods	PLN 62,883 thousand	PLN 76,777 thousand
Other	PLN 275,844 thousand	PLN 369,380 thousand





[201-4]

Significant financial assistance received from the government by type² (PLN '000)

In 2022, we also received financial assistance from the government. The subsidies, grants and tax credits allowed us to increase our capital expenditure spending. In 2022, the Group companies received free CO2 emission allowances worth: in the case of Grupa Azoty – PLN 196 million³, Grupa Azoty Polite – PLN 380.4 million, Grupa Azoty Puławy – PLN 900.5 million, and Grupa Azoty Kędzierzyn – PLN 337.9 million. The value of these allowances is reflected in the table as 'Other financial benefits'.

Category of financial assistance		2021	2022
Grants	Government grants to finance property, plant and equipment	9,741	4,785
	Research and development grants and other relevant grants	-	4,745
	Other government grants	319,392	-
Investment grants, research and development grants, and other relevant grants	State aid related to operation within a special economic zone	Change in the data reporting method	31,390
	Grants – in a special economic zone	54,148	0
	Other investment grants, and research and development grants	654,819	0
	Other financial benefits received or receivable from any government for any activity	0	1,828,350
Tax relief and tax credits	Tax credits for research and development projects	1,625	4,541

Category of financial assistance	2021	2022
Total	1,039,725	1,873,811

² In 2022, the Grupa Azoty Group did not receive any financial assistance from the government in the categories of tax credits, awards, royalty exemptions, financial support from export credit agencies (ECAs), or financial incentives. The government of the Republic of Poland holds a 33% stake in the share capital of Grupa Azoty S.A.

³ 17,022 allowances have been surrendered in 2023. The change in the allocation of free allowances was due to the discontinuation of tarnoform production.

In January 2023, the Polish government resolved to establish the 'Aid to Energy-Intensive Sectors Related to Sudden Increases in Natural Gas And Electricity Prices in 2022' scheme. Grupa Azoty (including Siarkopol S.A.) received PLN 234.2 million in state aid under the scheme. The amount was recognised in the company's separate and consolidated results for the first quarter of 2023 by increasing EBITDA.



See our companies' key projects

Companies' key projects (PLN '000)

Project name	Project budget	Expenditure incurred	Expenditure incurred in 2022	Project purpose	Schedule completion date
Grupa Azoty S.A.					
Neutralisation unit (for ammonium nitrate)	210,000	4,605	2,646	Project to build a new concentrated ammonium nitrate solution unit, called a neutralisation unit, to ensure continuity and improved efficiency of nitrate fertilizer production. It will result in lower heat consumption, mitigate the environmental impact of the production process, and bring down costs. In addition, it will reduce the product's carbon footprint.	2025

Project name	Project budget	Expenditure incurred	Expenditure incurred in 2022	Project purpose	Schedule completion date
Construction of a neutralisation and precipitation unit	141,000	7,168	5,708	Project to construct a new neutralisation and precipitation unit and upgrade the caprolactam and ammonium sulfate production process to reduce heat consumption through better use of the heat generated by neutralisation of caprolactam ester. Reduced steam consumption will help lower the cost of caprolactam and ammonium sulfate production and improve cost competitiveness. In addition, it will reduce the product's carbon footprint.	2025
Grupa Azoty POLYOLEFINS					
Polimery Police	7,210,957 ⁴	4,639,875	1,533,925	Project to construct an on-purpose propylene dehydrogenation plant (PDH) and a polypropylene production plant with associated infrastructure, including expansion of the Police Seaport to include a propane and ethylene handling and storage terminal.	2023
Grupa Azoty POLICE					
Project to make production of demineralised water independent of variable salinity of the Oder River and increase the capacity to produce treated water for special applications	111,000	108,497	13,459	The upgrade and expansion of the water treatment and demineralisation station will help protect Grupa Azoty POLICE against periodic spikes in the Oder salinity levels, allowing it to use the river as the sole source of water supply. The project will also secure the supply of demineralised water to Grupa Azoty POLYOLEFINS units.	2023

Project name	Project budget	Expenditure incurred	Expenditure incurred in 2022	Project purpose	Schedule completion date
220/110 kV main transformer station upgrade in Police to connect and supply propane dehydrogenation and polypropylene units	57,292	56,152	9,618	The upgrade of the transformer/switching station of the Main Point of Power Supply (GPZ) Police will secure the distribution of electricity for the purposes of the planned propane dehydrogenation and polypropylene production unit. The first autotransformer was commissioned and connected to the national power grid.	2023
Recycling of hydrogen originating from the propylene unit to be used at the ammonia unit	30,000	4,396	20,320	The purpose of the project is to utilise a stream of pure hydrogen, a by-product of propane dehydrogenation (PDH), at the ammonia unit, and to ensure that the hydrogen stream can be delivered from the ammonia unit to start the PDH unit.	2023
WA II tower replacement Line 7	16,350	16,096	166	The absorption tower will be replaced to ensure continuous operation of the sulfuric acid plant and to prevent unforeseen failures involving a potential risk of sulfuric acid leakage.	2022
Purchase of equipment for loading fertilizers onto ships	15,200	1,216	11,484	Starting to replace the old loading equipment with a new device with a higher loading capacity to ensure safe and failure-free loading of ships up to 40,000 DWT, with a width of up to 30 metres.	2022
Grupa Azoty PUŁAWY					
Construction of coal-fired power generation unit	1,200,000	1,005,052	45,767	Bringing Grupa Azoty PUŁAWY's energy generation units in line with the latest environmental requirements, while increasing the share of the autoproducer CHP plant in the electricity volumes consumed by the production units, and ensuring uninterrupted supplies of energy (process steam and heating water).	2023

SCROLL TABLE

Project name	Project budget	Expenditure incurred	Expenditure incurred in 2022	Project purpose	Schedule completion date
Upgrade of existing nitric acid production units and construction of new nitric acid production and neutralisation units and units for production of new fertilizers based on nitric acid	695,000	432,316	39,124	Increase in the efficiency of nitric acid production and the economics of production of nitric acid-based fertilizers. Any nitric acid surplus will be processed on the new line for the production of speciality fertilizers: magnesium nitrate, calcium nitrate and potassium nitrate.	2028
Facility for production of granulated fertilizers based on ammonium nitrate	430,000	423,323	8,492	Improvement of the quality of fertilizers by applying modern mechanical granulation. Key element of the complex will be two lines for manufacturing granulated fertilizers based on ammonium nitrate melt as the feedstock for granulated ammonium nitrate and calcium ammonium nitrate.	2022 (completion)
Upgrade of steam generator OP-215 No. 2 to reduce NOx emissions	145,000	128,773	38,035	Bringing the generator into compliance with new NOx emission standards and refurbishing the generator, which is to become a principal generating unit at the captive CHP plant along with generators Nos. 4 and 5.	2023
Replacement of the TG-1 turbine generator set	85,000	80,774	13,514	Increasing the efficiency of electricity and heat cogeneration by replacing the TG-1 30 MWe pass-out and condensing turbine with a new 34 MWe turbine as part of the power system upgrade.	2022 (completion)
Grupa Azoty KĘDZIERZYN					

Project name	Project budget	Expenditure incurred	Expenditure incurred in 2022	Project purpose	Schedule completion date
Upgrade of the synthesis gas compression unit supplying the ammonia plant	180,000	146,708	60,966	Rebuilding synthesis gas compression capacities for the ammonia plant through installation of new compressors. The project will reduce maintenance expenditure and energy intensity of the ammonia production process and significantly lower department overheads.	2023
Peak-load/reserve boilers	110,087	63,430	44,588	The peak-load/reserve boiler house as a peak-load source will interoperate with steam generators at the existing CHP plant. In the event of any downtime in coal-fired boilers, the peak-load/reserve boiler house will operate as a stand-alone reserve steam generator.	2024
Purchase and installation of a new oxygen compressor	72,800	69,845	10,546	The purpose of the project is to replace the old steam turbine-driven oxygen compressors K-101 A and K-101 B with a single electric unit. The project is part of a broader initiative focused on innovative use of heat generated by the ammonia production process as an alternative to heat produced in a coal-fired boiler system.	2023
2-ethylhexanoic acid unit	120,000	2,886	778	Enabling the production of 20,000 tonnes of 2-EHA per year.	2024
Upgrade of the urea production line	172,447	6,378	6,378	Improving consumption rates of utilities and raw materials/feedstocks, improving environmental performance of the unit, and increasing daily production capacity to 780 tonnes, which will raise the output of technical-grade urea and significantly improve the company's overall balance of liquid ammonia and carbon dioxide.	2025

⁴ Project budget translated into the Polish złoty at the PLN/USD mid exchange rate assumed in the project's financial model. Project budget approved by the corporate bodies: USD 1,837,998 thousand.

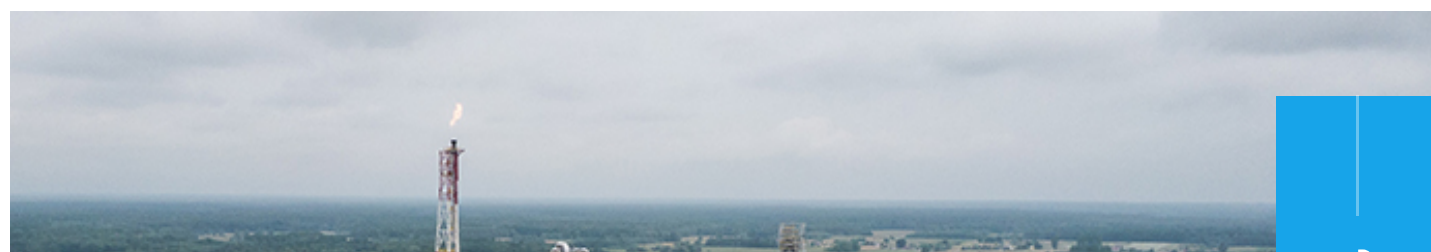
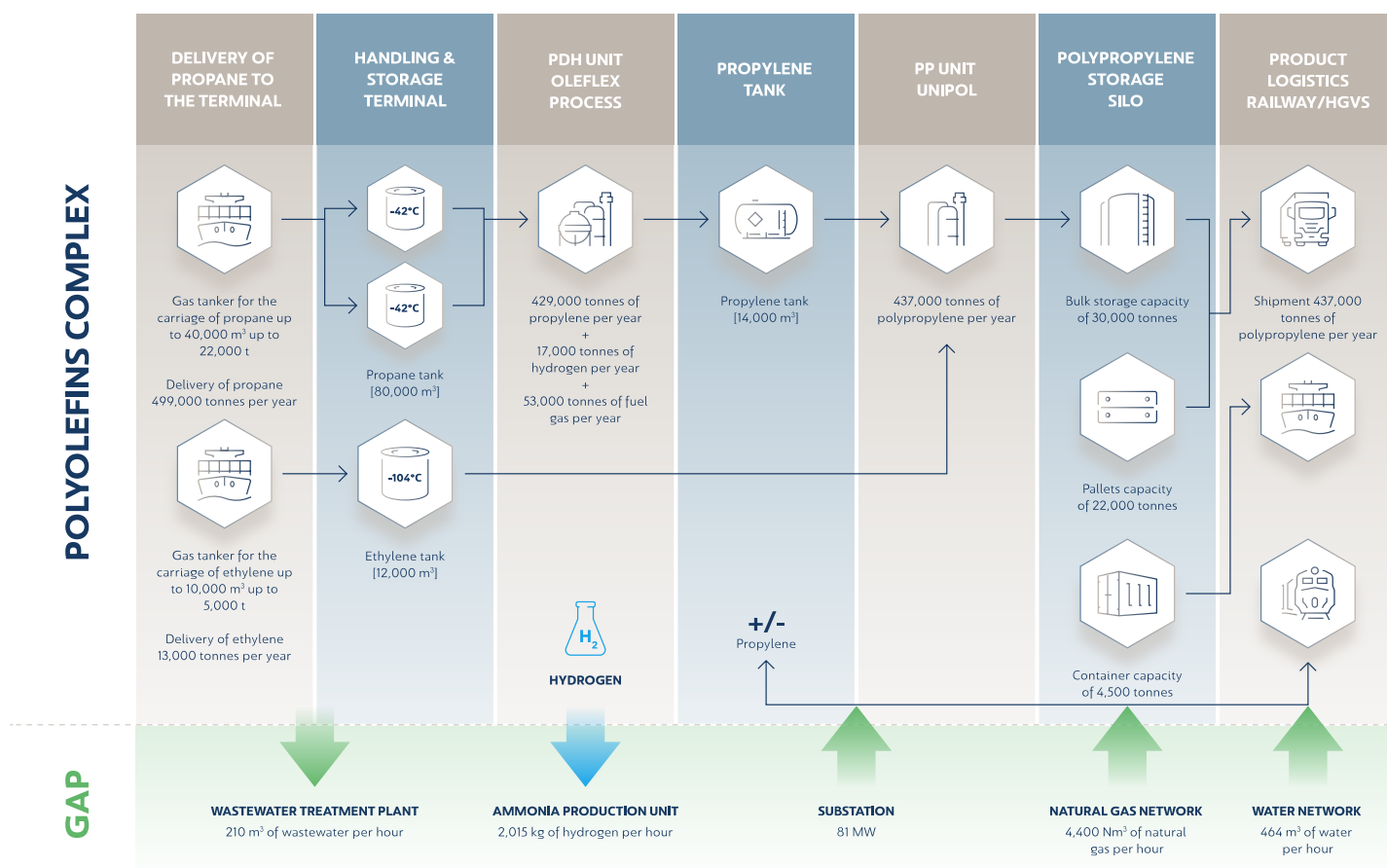


Read more about Polimery Police project

In 2022, the construction of Polimery Police entered its final phase. **It is our flagship investment, and one of the largest projects to have been undertaken within the chemical industry in Poland and Europe.** The integrated chemical complex will comprise propylene and polypropylene production units, a storage and handling terminal, and logistics infrastructure. The terminal will allow us to receive deliveries of the project's two key feedstocks: propane and ethylene. Three tanks have been built for this purpose at the gas terminal in Police: two for holding propane, with a capacity of 40,000 cubic metres each, and one for holding ethylene, with a capacity of 12,000 cubic metres. The total estimated project budget exceeds EUR 1.5 billion. **The project, scheduled for commissioning in 2023, is intended to support the Grupa Azoty Group in its responsible climate efforts and promote the circular economy, contributing to a reduction of the carbon footprint of plastics throughout their life cycle.**

At the end of December, the percentage of the construction work completed was 98%. In addition, the Guadalupe Explorer gas tanker delivered the first 22,000 tonnes of propane, which was transferred to the propane tanks at the marine storage and handling terminal. It will be used to launch the propane dehydrogenation unit and to produce polypropylene. The delivery was made under a USD 250 million-worth propane purchase contract with Trafigura PTE, which will cover more than 50% of Grupa Azoty Polyolefins' demand for propane in 2023–2024.

The feedstock delivery confirms that the construction of the new plant has entered its final phase. According to information released by Grupa Azoty on February 15th 2023, the overall progress of work on the Polimery Police project at the end of January 2023 was in excess of 99.01%, meaning that it reached its last stage. The plant's commissioning took place in June 2023.





BEST PRACTICE

Construction of a gas terminal by ORLEN Paliwa

In 2022, Grupa Azoty Polyolefins, ORLEN Paliwa, and the Police Seaport Authority signed a letter of intent concerning potential construction by ORLEN Paliwa of an LPG terminal on the premises of the Police Seaport. If the partners proceed with the cooperation, the wharf built by Grupa Azoty Polyolefins will be used to establish a gas terminal. Its construction would include a tank park and handling infrastructure for cargoes transported by water, road, and rail. The terminal would enable collection of propane delivered by sea and butane delivered by rail or road and their further distribution for the purposes of ORLEN Paliwa's business.



BEST PRACTICE

EU funding for the Port of Police project

In 2022, the Port of Police, a member entity of our Group, applied for EU funding for its project designated as 'Strengthening of the comprehensive network by increasing the accessibility and efficiency of the Port of Police'. Its implementation would enable the construction of a railway link between the Police Seaport and railway line No.

437, currently under construction, as well as new railway sidings within the port area. Also, it would be possible



Financial performance

[IR - Presentation of results]

In 2022, the European fertilizer and chemical sector was heavily affected by the market consequences of Russia's armed aggression against Ukraine and the soaring prices of raw materials and energy carriers. In response, European manufacturers decided to scale down production. As a result, product prices increased, while sales volumes fell, with the demand and supply balance disrupted. Another factor affecting the Group's performance was the inflation level across Europe, driving up its fixed and variable operating expenses. The business diversification strategy consistently pursued by the Group was a positive contributor.

The Group recorded a substantial increase in consolidated revenue to PLN 24.7 billion, up 55% year on year. The PLN 8.8 billion increase in revenue for 2022 was mainly attributable to higher product selling prices (PLN +11.4 billion), offset by a lower volume (PLN -3.3 billion).

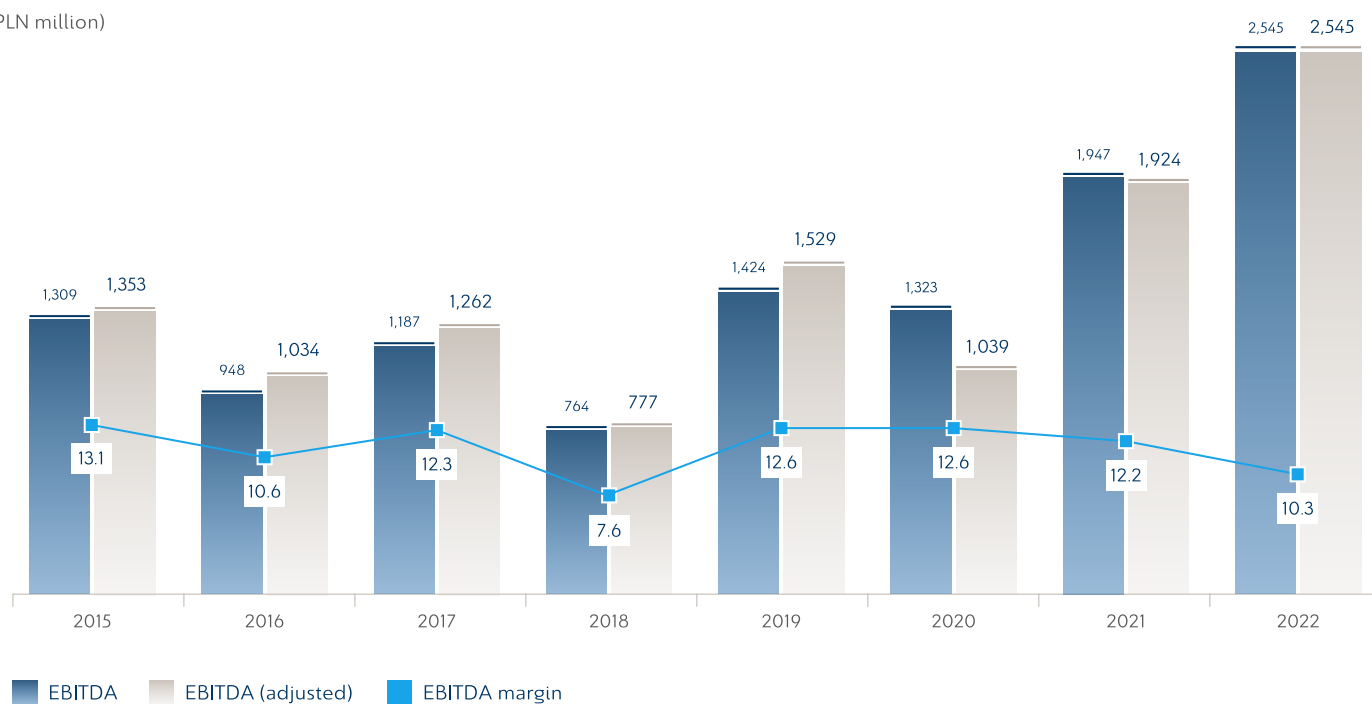
In total, the cost of raw materials increased by PLN 7.7 billion, which reflected a PLN 8.6 billion change in the prices of key raw materials offset by a PLN -1.6 billion decrease in volumes.

The steepest growth in raw material costs was recorded in the case of natural gas, which surged by approximately 125% year on year, energy carriers – electricity and coal, up by approximately 23% and 16%, and minerals – potassium chloride and phosphate rock, up by 120% and 61%, respectively (cost of consumption by the Grupa Azoty Group). In 2022, natural gas accounted for 57.8% of the total cost of raw materials consumed by the Group, up by 13.1pp year on year.

Consolidated financial information

	2021 (PLN million)	2022 (PLN million)	change
Revenue	15,901	24,658	55%
EBITDA	1,947	2,545	31%
EBITDA MARGIN	12.2%	10.3%	-1.9 pp
EBIT	877	866	-1%
NET PROFIT/(LOSS)	634	584	-8%
FINANCIAL OUTLAYS	2,561	2,746	7%

(PLN million)



The full 2022 financial statements of the Grupa Azoty Group are available on [our corporate websites](#).

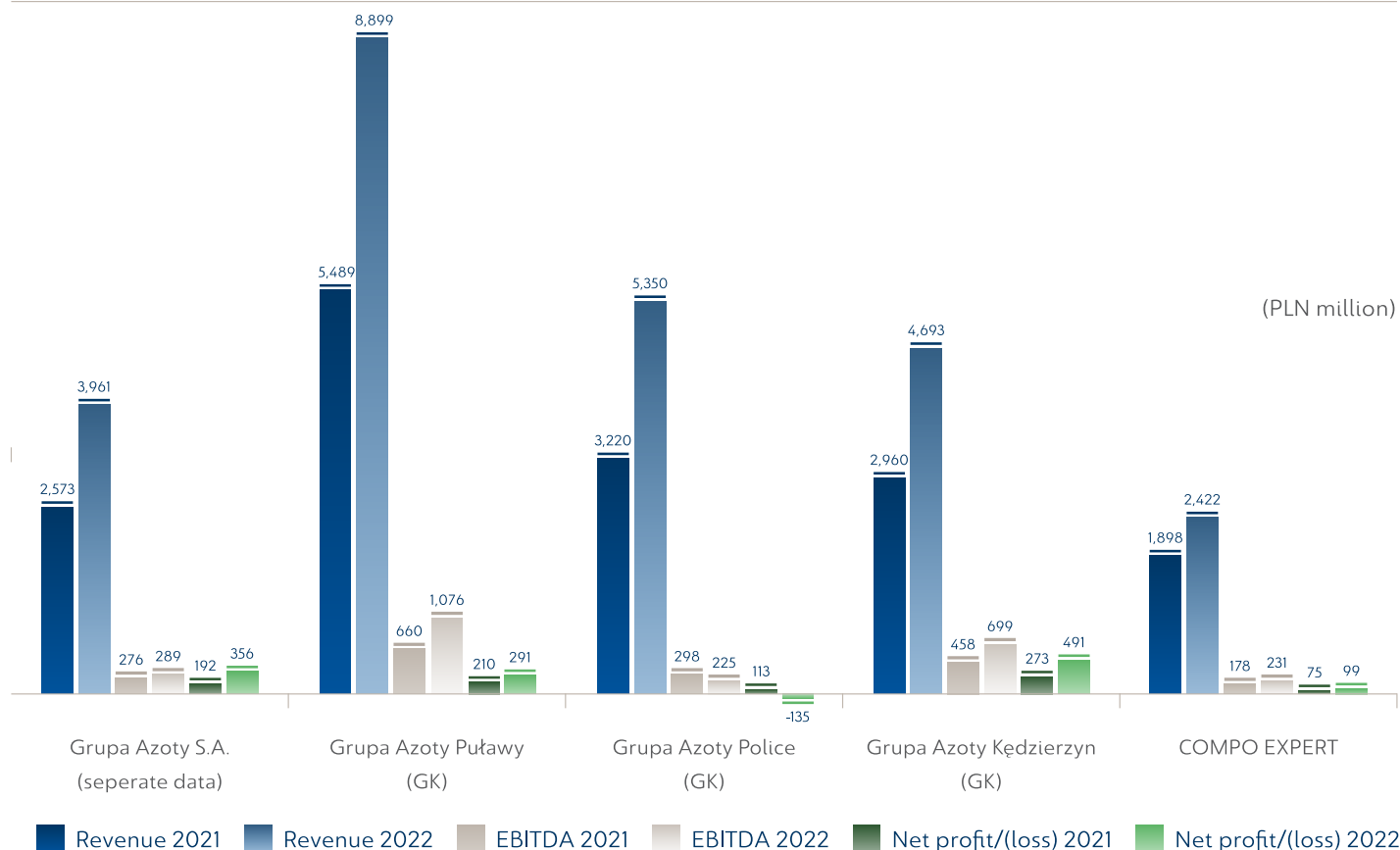
Group companies' financial highlights

Grupa Azoty Group 2021:

Revenue: **PLN 15,901 million**, EBITDA: **PLN 1,947 million**,
Net profit/(loss): **PLN 634 million**

Grupa Azoty Group 2022:

Przychody: **PLN 24,658 million**, EBITDA: **PLN 2,545 million**,
Net profit/(loss): **PLN 584 million**



The consolidated results of the Grupa Azoty Police Group in 2022 were adversely affected by significant impairment losses on non-financial non-current assets. The total effect of those items on consolidated EBIT was PLN -234,043 thousand (in line with the company's accounting policies, impairment losses on non-current assets are one-off non-monetary items having no effect on consolidated EBITDA). The EBIT loss translated into a bottom line loss.

Another significant item affecting the company's consolidated net financial result for 2022 was a loss of PLN -41,029 thousand on measurement of shares in equity-accounted associates, including PLN -59,432 thousand (for Grupa Azoty Polyolefins S.A.) and PLN +18,403 thousand (for Kemipol Sp. z o.o.).

	Grupa Azoty S.A.	Grupa Azoty POLICE	Grupa Azoty PUŁAWY	Grupa Azoty KĘDZIERZYN
2022 (PLN '000)				
Revenue	3,960,797	5,310,926	8,060,098	4,680,815
Capitalisation				
Non-current liabilities + equity	7,955,935	2,522,835	4,308,650	2,160,339
Non-current liabilities	2,487,605	666,023	425,898	304,925
Equity	5,468,330	1,856,812	3,882,752	1,855,414
Total assets - total liabilities	11,359,037	1,813,168	4,021,891	3,548,511
Total assets	5,890,707	4,276,638	7,215,983	1,693,097

	Grupa Azoty S.A.	Grupa Azoty POLICE	Grupa Azoty PUŁAWY	Grupa Azoty KĘDZIERZYN
Total liabilities	7,955,935	2,463,470	3,194,092	2,160,339

Consolidated statement of profit or loss and other comprehensive income

(all amounts in PLN '000 unless stated otherwise)

Profits and losses	for the period Jan 1 – Dec 31 2022	for the period Jan 1 – Dec 31 2021	for the period Jan 1 – Dec 31 2020	for the period Jan 1 – Dec 31 2019	for the period Jan 1 – Dec 31 2018
Revenue	24,657,853	15,901,259	10,524,527	11,307,915	9,998,967
Cost of sales	(20,722,832)	(12,822,820)	(8,351,020)	(8,833,939)	(8,406,271)
Gross profit	3,935,021	3,078,439	2,173,507	2,473,976	1,592,696
Selling and distribution expenses	(1,164,041)	(1,057,156)	(915,699)	(902,195)	(658,602)
Administrative expenses	(979,960)	(829,280)	(804,475)	(886,734)	(812,368)
Other income	111,552	95,940	164,040	65,518	49,604
Other expenses	(1,036,923)	(411,438)	(61,614)	(137,741)	(90,186)
Operating profit	865,649	876,505	555,759	612,824	81,144
Finance income	136,027	62,453	36,126	29,407	55,057
Finance costs	(331,140)	(220,674)	(100,675)	(96,265)	(108,740)
Net finance costs	(195,113)	(158,221)	(64,549)	(66,858)	(53,683)
Share of profit of equity-accounted investees	18,150	15,601	14,939	12,493	13,092
Profit before tax	688,686	733,885	506,149	558,459	40,553
Income tax	(104,866)	(100,198)	(150,739)	(150,786)	(32,793)
Net profit	583,820	633,687	355,410	407,673	7,760
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains/(losses) from defined benefit plans	(2,247)	41,532	(20,061)	(29,908)	(19,428)

Profits and losses	for the period Jan 1 – Dec 31 2022	for the period Jan 1 – Dec 31 2021	for the period Jan 1 – Dec 31 2020	for the period Jan 1– Dec 31 2019	for the period Jan 1– Dec 31 2018
Net gain on remeasurement of equity instruments at fair value through other comprehensive income	(2,569)	3,943	0		
Tax on items that will not be reclassified to profit or loss	520	(8,034)	3,404	4,995	3,633
Total items that will not be reclassified to profit or loss	(4,296)	37,441	(16,657)	(24,913)	(15,795)
Cash flow hedges – effective portion of fair-value change	427,759	(12,365)	(67,494)	4,952	(16,724)
Exchange differences on translating foreign operations	32,441	(8,375)	71,541	(11,043)	4,786
Income tax relating to items that are or will be reclassified to profit or loss	1,030	(1,928)	12,900	(941)	3,178
Total items that are or will be reclassified to profit or loss	461,230	(22,668)	16,947	(7,032)	(8,760)
Total other comprehensive income	456,934	14,773	290	(31,945)	(24,555)
Comprehensive income for period	1,040,754	648,460	355,700	375,728	(16,795)
Net profit/(loss) attributable to:					
Shareholders of Grupa Azoty S.A.	620,122	581,813	311,617	372,856	9,869
Non-controlling interests	(36,302)	51,874	43,793	34,817	(2,109)
Comprehensive income for the period attributable to:					

SCROLL TABLE

Profits and losses	for the period Jan 1 – Dec 31 2022	for the period Jan 1 – Dec 31 2021	for the period Jan 1 – Dec 31 2020	for the period Jan 1 – Dec 31 2019	for the period Jan 1 – Dec 31 2018
Shareholders of Grupa Azoty S.A.	992,735	598,122	314,300	342,337	(13,739)
Non-controlling interests	48,019	50,338	41,400	33,391	(3,056)
Earnings per share:					
Basic (PLN)	6.25	5.87	3.14	3.76	0.10

Source: Company data

Reconciliation of operating expenses by function and by type

(all amounts in PLN '000 unless stated otherwise)

	For the period Jan 1 – Dec 31 2022	For the period Jan 1 – Dec 31 2021
Depreciation and amortisation	751,724	756,897
Raw materials and consumables used	18,174,715	10,472,982
Services	1,609,434	1,507,198
Taxes and charges	490,305	584,207
Salaries and wages	1,689,752	1,474,131
Social security and other employee benefits	477,510	422,422
Other	311,161	144,205
Costs by nature of expense	23,504,601	15,362,042
Change in inventories of finished goods (+/-)	(675,282)	(545,529)
Work performed by the entity and capitalised (-)	(363,855)	(281,902)
Selling and distribution expenses (-)	(1,164,041)	(1,057,156)
Administrative expenses (-)	(979,960)	(829,180)
Cost of merchandise and materials sold	401,369	174,645
Cost of sales	20,722,832	12,822,820

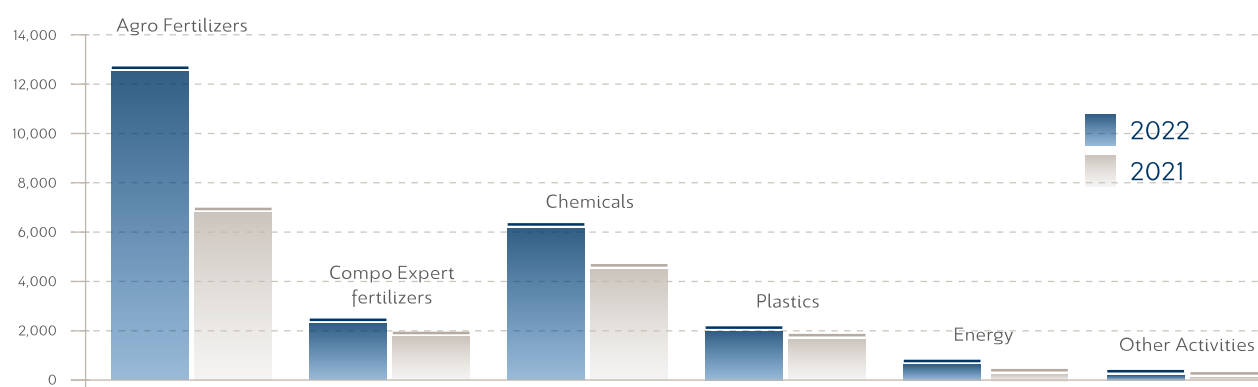
	For the period Jan 1 – Dec 31 2022	For the period Jan 1 – Dec 31 2021
including excise duty	4,964	4,783



See our segments' financial data

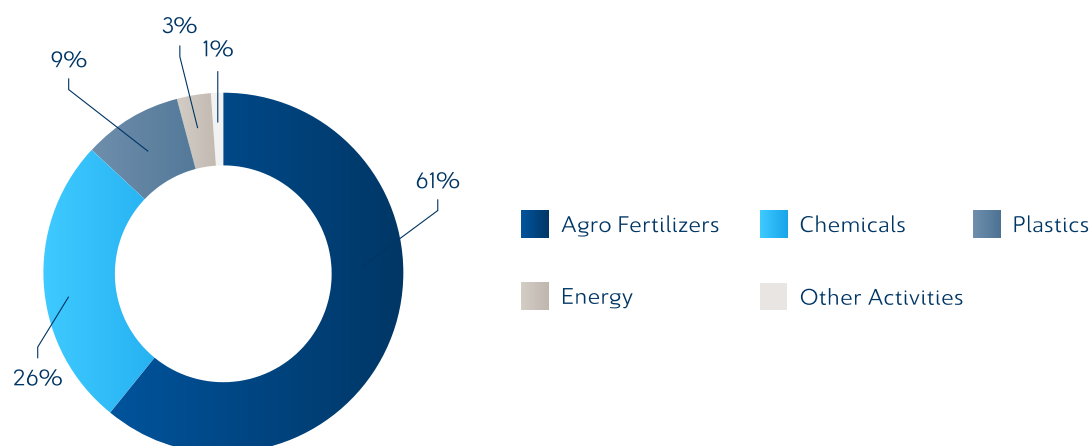
In 2022, our revenue was up 55.1% year on year, and gross profit rose by PLN 856,582 thousand, or 27.8%, relative to 2021. Total operating profit was PLN 865,649 thousand, down 1.2% year on year.

Przychody ze sprzedaży (mln PLN)



Source: Company data

Revenue by segment



Revenue by segment

Fertilizers

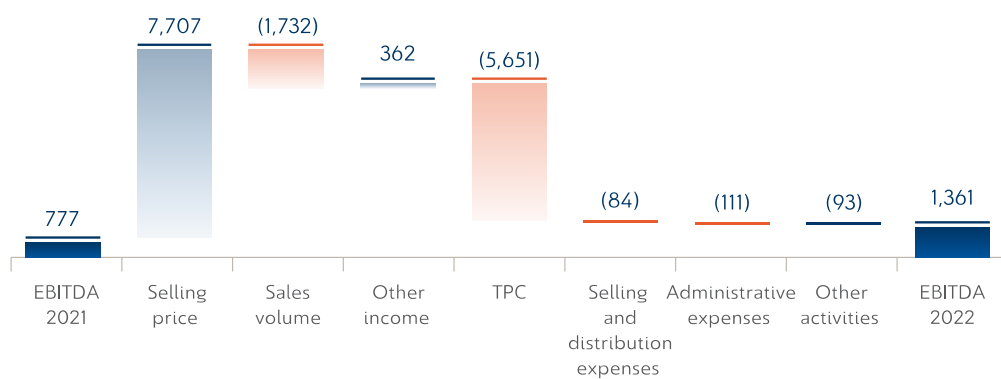
In the Fertilizers segment, revenue for 2022 reached PLN 15,104 million and EBITDA margin was 9.0%.

	Agro Fertilizers	Change

	Agro Fertilizers		Change	
	2021	2022	Nominal	Percentage (%)
External revenue ('000)	8,766,890	15,103,559	6,336,669	72%
EBIT ('000)	442,694	785,349	342,655	77%
EBITDA ('000)	776,549	1,360,934	584,385	75%

■ Positive effect on EBITDA
■ Negative effect on EBITDA

(PLN million)



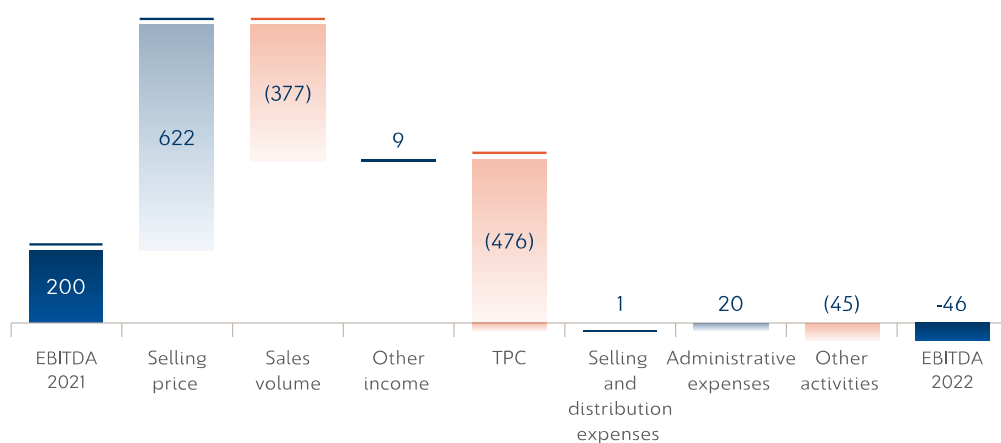
Plastics

The Plastics segment's revenue for 2022 amounted to PLN 2,083 million (up 13.9% year on year) and EBITDA margin stood at -2.2% (down 13.1pp year on year).

	Plastics		Change	
	2021	2022	Nominal	Percentage (%)
External revenue ('000)	1,828,968	2,082,711	253,743	14%
EBIT ('000)	-23,440	-249,094	-225,654	963%
EBITDA ('000)	200,179	-45,970	-246,149	-123%

Positive effect on EBITDA
Negative effect on EBITDA

(PLN million)



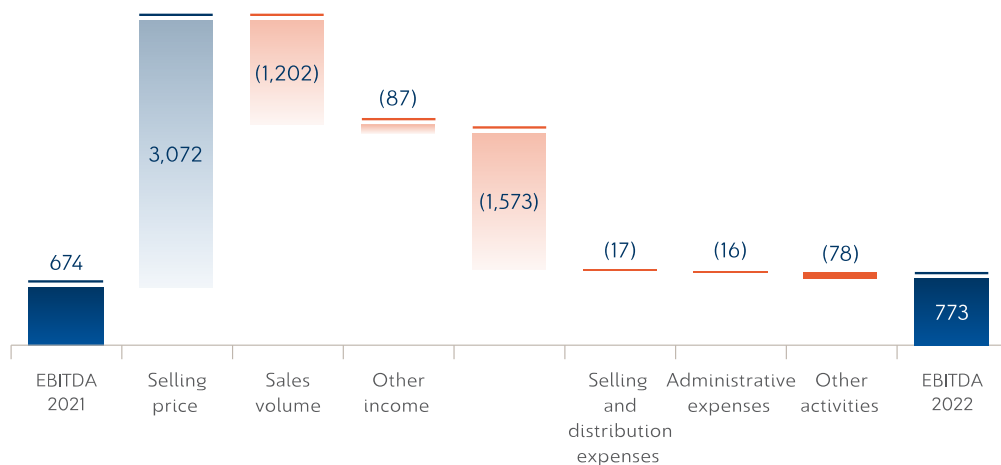
Chemicals

The Chemicals segment's revenue for 2022 amounted to PLN 6,413 million (up 38.5% year on year), and its EBITDA margin stood at 12.1% (down 2.5pp year on year) in 2022.

	Chemicals		Change	
	2021	2022	Nominal	Percentage (%)
External revenue ('000)	4,630,410	6,413,433	1,783,023	39%
EBIT ('000)	572,757	450,289	-122,468	-21%
EBITDA ('000)	674,150	772,654	98,504	15%

Positive effect on EBITDA
Negative effect on EBITDA

(PLN million)



Energy

	Energy		Change	
	2021	2022	Nominal	Percentage (%)
External revenue ('000)	376,788	770,043	393,255	104%
EBIT ('000)	-68,213	-189,365	-121,152	178%
EBITDA ('000)	151,245	247,342	96,097	64%

Other Activities

	Pozostałe		Change	
	2021	2022	Nominal	Percentage (%)
External revenue ('000)	298,203	288,107	-10,096	-3%
EBIT ('000)	-47,293	68,470	115,763	-245%
EBITDA ('000)	145,191	210,535	65,344	45%

Source: Company data.

*EBIT is calculated as operating profit/(loss) as disclosed in the statement of profit or loss, adjusted for gain on a bargain purchase.

** EBITDA is calculated as operating profit/(loss) before depreciation and amortisation, adjusted for gain on a bargain purchase.



See our expert comment

Structure of assets

In 2022, the Grupa Azoty Group's assets rose to PLN 25,865,644 thousand, by PLN 2,220,939 thousand relative to the end of 2021.

ASSETS	Note	As at Dec 31 2022	As at Dec 31 2021
NON-CURRENT ASSETS			
Property, plant and equipment	9	13,392,162	11,957,685
Right-of-use assets	10	758,713	804,863
Investment property	11	66,613	68,046
Intangible assets	12	971,484	998,614

Goodwill	12.1	305,016	319,922
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Shares	13.1	10,172 As at Dec 31, 2022	12,915 As at Dec 31, 2021
ASSETS			
Equity-accounted investees	13.1	9,138	9,258
Other financial assets	13.2	3,961	2,626
Derivative financial instruments	28.4	383,800	
Other receivables	16	629,999	542,552
Deferred tax assets	7.4	330,889	105,446
Other non-current assets	18	508	509
Total non-current assets		16,948,753	14,905,836
CURRENT ASSETS			
Inventories	14	3,444,385	2,313,143
Property rights	15	2,009,349	1,560,172
Derivative financial instruments	28.4	3,122	1,801
Other financial assets	13.2	1,998	1,997
Current tax assets		33,719	28,015
Trade and other receivables	16	2,026,024	2,453,579
Cash and cash equivalents	17	376,541	2,362,193
Other assets	18	21,753	17,969
Total current assets		8,916,891	8,738,869
TOTAL ASSETS		25,865,644	23,644,705

Structure of equity and liabilities

EQUITY AND LIABILITIES	Note	As at Dec 31 2022	As at Dec 31 2021
EQUITY			
Share capital	19.1	495,977	495,977
Share premium	19.2	2,418,270	2,418,270
Hedging reserve	19.3	285,136	(58,403)
Translation reserve		87,421	54,936
Other capital reserves		-17,700	(17,700)
Retained earnings		5,665,545	5,048,783
Equity attributable to owners of the parent		8,934,649	7,941,863
Non-controlling interests		1,021,718	990,304
Total equity		9,956,367	8,932,167
LIABILITIES			

Borrowings	20	4,971,706	3,640,671
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Derivative financial instruments	28.4	As at	91,072
EQUITY AND LIABILITIES	Note	Dec 31, 2022	As at
Lease liabilities	21	360,457	347,159
Other financial liabilities	22	682,818	630,360
Employee benefit obligations	24	439,656	420,136
Trade and other payables	25	17,887	21,415
Provisions	26	241,007	193,381
Government grants	27	193,896	196,725
Deferred tax liabilities	7.4	386,492	410,241
Total non-current liabilities		7,294,419	5,951,160
Borrowings	20	689,738	818,475
Derivative financial instruments	28.4		6,183
Lease liabilities	21	71,629	60,940
Other financial liabilities ¹	22	1,290,942	1,759,195
Employee benefit obligations	24	54,801	57,263
Current tax liabilities		243,545	120,892
Trade and other payables	25	6,141,011	5,827,116
Provisions	26	94,345	89,958
Government grants	27	28,847	21,356
Total current liabilities		8,614,858	8,761,378
Total liabilities		15,909,277	14,712,538
TOTAL EQUITY AND LIABILITIES		25,865,644	23,644,705

¹ For information on the category, see Note 22 to the consolidated financial statements of the Grupa Azoty Group for 2022.

Consolidated statement of cash flows

In 2022, the Group generated positive net cash from operating activities of PLN 5,608,373 thousand, down by PLN 176,454 thousand on 2021.

	Note	For the period Jan 1 – Dec 31 2022	For the period Jan 1 – Dec 31 2021
Cash flows from operating activities			
Profit before tax		688,686	733,885
Depreciation and amortisation		756,013	761,656
Impairment losses		916,999	308,080
Gain on investing activities		(852)	(43,671)
Gain on disposal of financial assets			(2)

Share of profit of equity-accounted investees		(18,150)	(15,401)
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Share of profit of equity-accounted investees		(10,150)	(13,001)
Interest, foreign exchange gains or losses	Note	For the period 162,888 Jan 1 –	For the period 74,934 Jan 1 –
Dividends		Dec 31, 2022 (311)	Dec 31, 2021 (389)
Fair value gain on financial assets		(293,532)	(92,197)
Decrease/ (increase) in trade and other receivables	29	357,108	(973,993)
Increase in inventories and property rights		(1,571,483)	(1,817,288)
Increase in trade and other payables	29	4,810,195	6,994,892
Increase in provisions	29	25,594	24,688
Increase/ (Decrease) in employee benefit obligations	29	17,190	(29,922)
Decrease in grants		(8,074)	(4,486)
Other adjustments		(1,961)	12,066
Income tax paid		(231,937)	(147,825)
Net cash from operating activities		5,608,373	5,784,827
Cash flows from investing activities			
Proceeds from sale of intangible assets, property, plant and equipment, and investment property	29	27,534	61,732
Acquisition of intangible assets, property, plant and equipment, and investment property		(2,830,715)	(2,479,061)
Dividend received		-	259
Purchase of other financial assets		(3,994)	(1,997)
Proceeds from sale of other financial assets		3,994	-
Loans		(1,219)	-
Repayments of loans		-	9
Other cash provided by (used in) investing activities		(4,142)	(4,378)
Net cash from operating activities		(2,808,542)	(2,423,436)
Cash flows from financing activities			
Dividends paid		(16,482)	(5,651)
Proceeds from borrowings		2,084,701	1,975,659
Repayment of borrowings		(878,737)	(1,055,861)
Interest paid		(199,172)	(78,479)
Payment of lease liabilities		(71,429)	(67,787)
Payment of reverse factoring liabilities		(4,725,291)	(2,702,128)
Other cash provided by (used in) financing activities		13,680	16,411
Net cash from financing activities		(3,792,730)	(1,917,836)
Total net cash flows		(992,899)	1,443,555

Cash and cash equivalents at the beginning of period		2,242,102	822,228
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Cash and cash equivalents at beginning of period		2,302,193	723,320
Effect of exchange rate fluctuations on cash held	Note	For the period 7,247 Jan 1 –	For the period (4,690) Jan 1 –
Cash and cash equivalents at end of period		Dec 31, 2022 1,376,541	Dec 31, 2021 2,362,193



See how our shares performed on the stock exchange

Stock Exchange

Grupa Azoty S.A.

In 2022, the price of Grupa Azoty S.A. shares was relatively volatile. Overall, it increased by more than 16% year on year, to PLN 39.5 at the year's end.



Grupa Azoty Police


In 2022, the price of Grupa Azoty Police shares was relatively stable, having decreased slightly, to PLN 11.3, at the year's end. Year on year, the price of the shares went down 2%.



Grupa Azoty Puławy

In 2022, the price of Grupa Azoty Puławy shares was highly volatile. Overall, it fell by more than 10% year on year, to PLN 73.4 at the year's end.



[See our companies' results](#)

Grupa Azoty Puławy

[SEE RESULTS](#)

Grupa Azoty Police

[SEE RESULTS](#)

Grupa Azoty S.A.

[SEE RESULTS](#)

Consolidated annual report for 2022

[SEE REPORT](#)



See notes to the financial statements

Click the following link to view Notes to the financial statements.

All financial performance figures may also be downloaded from the [Grupa Azoty Group's Performance Data Centre](#).



See the market landscape in 2022

Market environment of individual segments

Agro Fertilizers

Performance of the Agro business was largely affected by highly volatile commodity prices, especially of natural gas, the demand-supply imbalance, and declines in the prices of agricultural produce. The average prices of feedstock used and products manufactured by the segment were significantly higher than the year before, while sales volumes were markedly lower.

Natural gas prices in the period under review fluctuated widely, with the TTF spot price ranging from EUR 22 to EUR 345 per MWh. Given an upward trend in natural gas prices seen in the third quarter, followed by a downward trend (in the fourth quarter), three key companies of the Grupa Azoty Group halted or cut down their production of nitrogen fertilizers between August and October 2022. Throughout the year, a demand and supply imbalance was recorded, due mostly to the economic situation in Europe in the aftermath of Russia's aggression against Ukraine. In the fourth quarter, the fertilizer market stagnated. Producers looked forward to a market upturn and sales increase ahead of the upcoming fertilizer season, while customers were holding off on purchases in anticipation of a drop in fertilizer prices as gas prices had fallen quarter on quarter. As a result, demand declined and fertilizer stock levels held by manufacturers and distributors went up. Another reason why customers reduced their purchases were alarming signals coming from the agricultural market, especially a decline in the prices of agricultural produce fuelled by strong grain imports from Ukraine.

Plastics

The prices of benzene and phenol, the segment's key raw materials, but also the prices of its products, were significantly higher than in the previous year. The plastics market was hit by weaker demand from almost all industries, including automotive, construction, packaging, electronics and electrical equipment, while European manufacturers struggled with the consequences of strong imports. From August to October, following a sharp increase in feedstock prices, Grupa Azoty S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A. halted the production of caprolactam and polyamide 6. As a result, plastic product sales by the Grupa Azoty Group declined considerably relative to the previous year.

Chemicals

The Chemicals business saw an increase in the prices of all its products and almost all production inputs. In the case of products, the highest price growth, exceeding 100% year on year, was recorded for ammonia water, NOX, PULNOx, and technical grade urea. Sales volumes dropped year on year across virtually all product categories, except for sulfur and ammonia water, with the steepest decline recorded for melamine and OXO alcohols. Key determinants of the segment's performance included the growing feedstock prices and relatively weak demand, as European manufacturers came under heavy competitive pressure from products imported from non-EU markets. The melamine market was affected by high feedstock prices and the expiry of anti-dumping duties on melamine imports from China to the European Union. Melamine production at Grupa Azoty Zakłady Azotowe Puławy S.A., halted in July 2022, was partially resumed at the end of October 2022. In the last quarter of the year, the market also kept a close eye on the possible impact of an increase in China's export capacity reflecting a production recovery after the lifting of measures introduced in that country under the zero COVID policy.

Energy

Natural gas

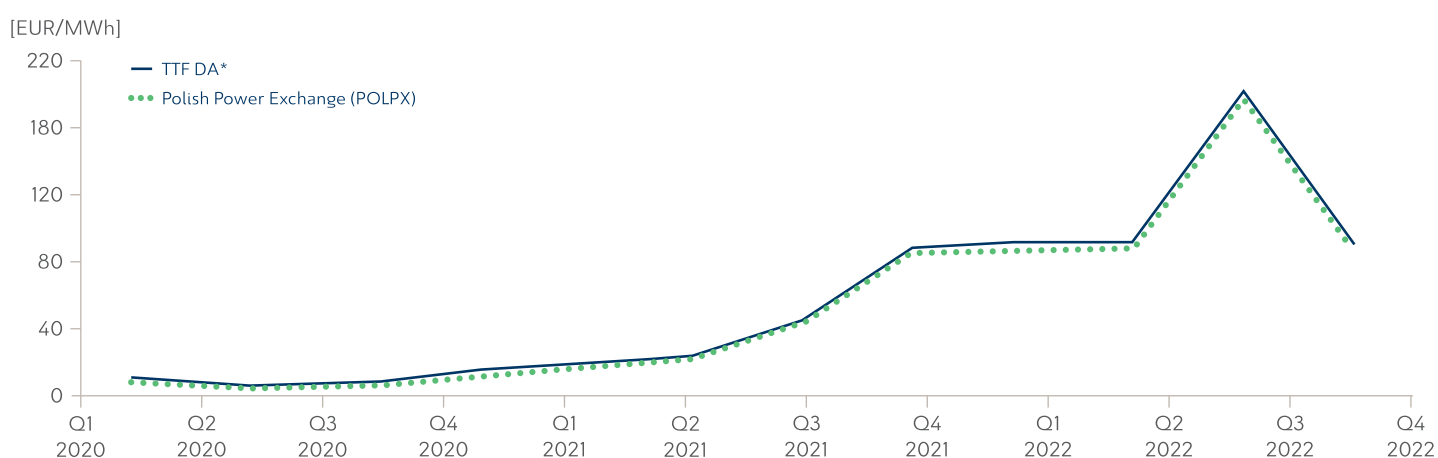
In early 2022 gas prices in Europe were close to EUR 80/MWh, however Russia's invasion of Ukraine led to their sudden hike. An

all-time high of EUR 345/MWh was recorded on March 7th 2022. As soon as the market got used to the instability, the price of gas fell reflecting a lower risk premium component. In addition, due to favourable weather conditions and substantial LNG supplies, gas stocks were growing faster than the long-term average, supported by the EC work on regulations requiring EU member states to fill up their storage facilities before the winter season.

Following an announcement that restrictions on gas exports from the US would be lifted, the prices dropped by 50%. Storage facilities in the EU were filled to more than 90% by early October, resulting in local oversupply of gas and price declines. In October, the prices fell below EUR 30/MWh. Starting from November, the prices varied with the weather, while Russia's share in total supplies to the EU did not exceed eight percent. Reports of possible delays in the launch of the Freeport LNG terminal in the US, coupled with news about incidents on Norwegian fields, low temperatures, and low wind levels, pushed gas prices back up, to EUR 150/MWh. Such weather conditions, conducive to higher demand for gas, continued until mid-December.

Over the last weeks of the year, gas prices declined due to revised weather forecasts and record-high LNG supplies. In parallel with the dip in demand, gas withdrawal from the nearly full storage facilities fell significantly. In some EU countries, gas was even injected into storage – an unprecedented situation considering the season of the year. The market concluded there would be no gas shortages during the ongoing winter. As a consequence, gas prices hovered close to EUR 70/MWh at the year's end.

Prices of natural gas



* Excluding transmission.

Coal

According to IHS Energy, the average ARA coal price in the reporting period was approximately USD 279/tonne², up 133% year on year. According to analysts, the price of coal in 2023 will be around USD 210/tonne.

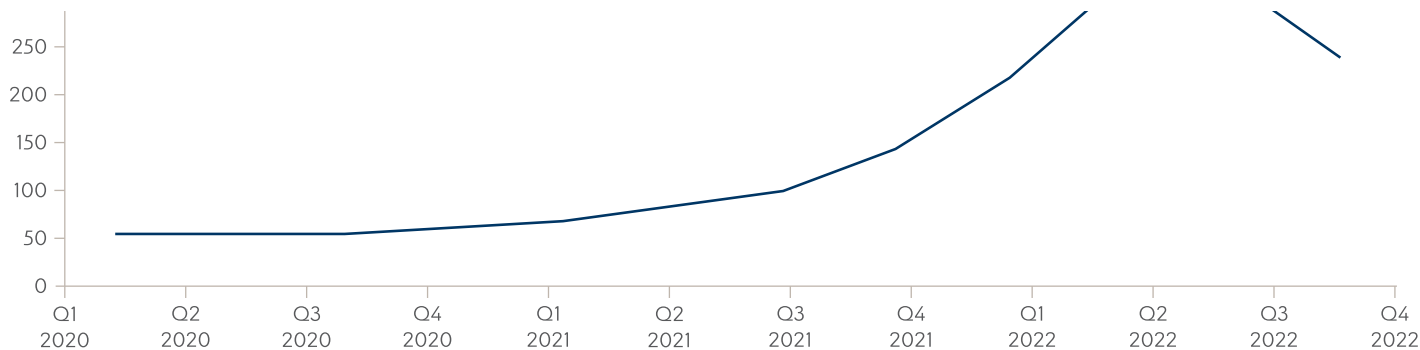
The main reason behind the price trends was the supply crisis triggered by Russia's invasion of Ukraine and significant risk of failure to maintain uninterrupted supplies of energy commodities. Situation in Europe was strongly affected by an embargo imposed on Russian coal supplies, which took effect on August 10th 2022. European energy producers diversified their supply sources relying on higher imports from South Africa, Australia, and Colombia, which expanded the range of available coal types.

In late 2022, sentiment on the international coal market stabilised.

² Coal price for calorific value of 6,000 kcal.

Prices of hard coal





Electricity

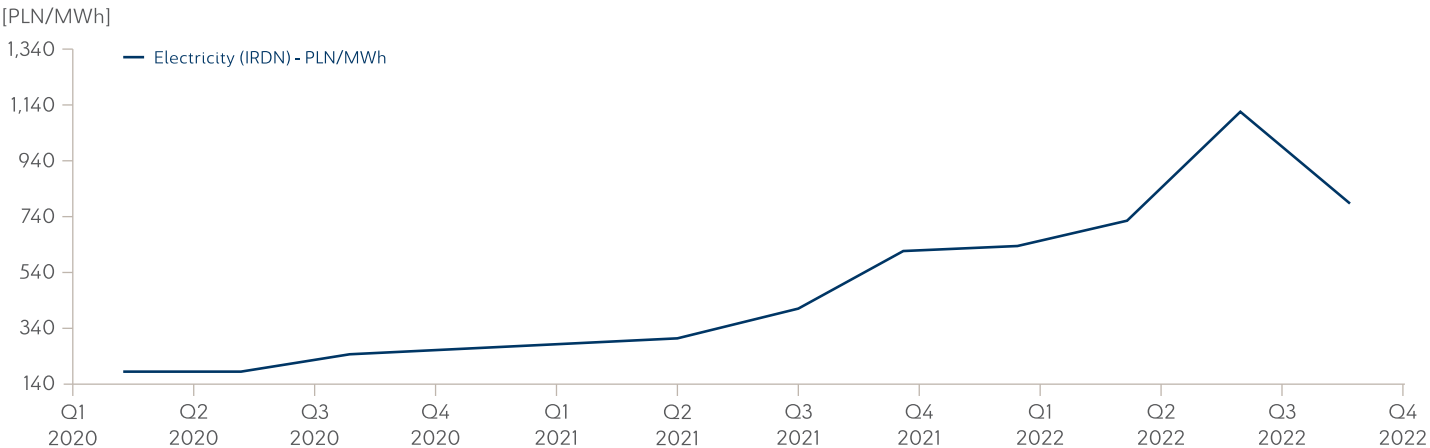
The weighted average BASE price of electricity on the Day-Ahead Market was PLN 796/MWh in 2022, up 98% year on year. Domestic consumption fell 4% year on year, with slightly higher production. Poland maintained its position as an electricity exporter.

In the first half of 2022, electricity prices grew at a moderate pace (lower than in the second half of 2021). This was due mainly to higher prices of CO₂ emission allowances, volatile demand, a shift in the structure of generation sources, weather conditions, and cross-border capacities.

In the third quarter of 2022, we saw a sharp rise in electricity prices – by 274% year on year. Several factors were at play, such as windless and dry months, low water levels restricting the capacity of hydropower plants, maintenance shutdowns of some NPP units in France and Germany, persistently high prices of CO₂ emission allowances, and growing prices of basic fuels – gas and coal – in the wake of Russia’s aggression against Ukraine.

In the fourth quarter of 2022, the average prices of electricity decreased by 30% year on year as a consequence of curbed demand following production stoppages and government interventions aimed at improving situation on the electricity market (e.g. with respect to fuel imports or caps imposed on producer margins and prices).

Electricity prices



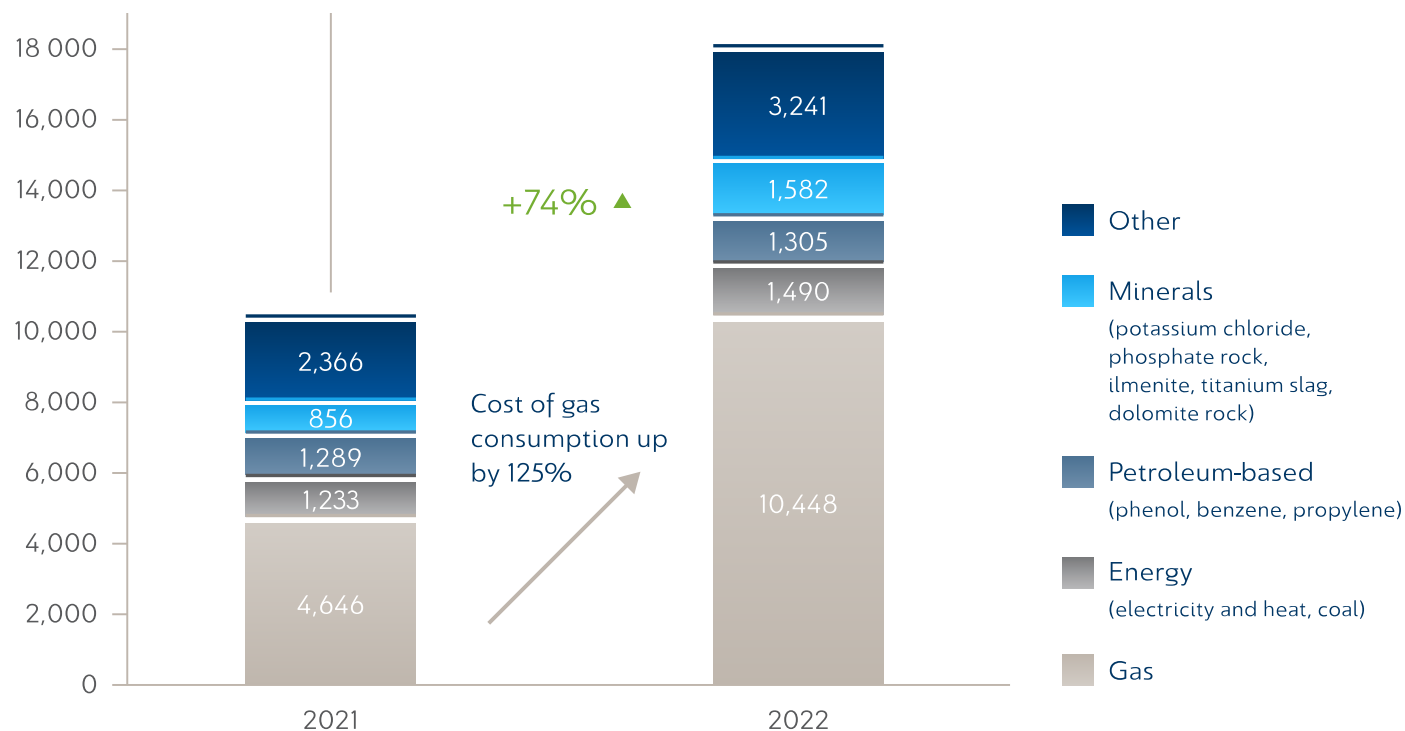
* IRDN – average price weighted by the volume of all transactions on a trading day, calculated after the delivery date for the entire day.

Cost of raw materials

(PLN million)

20,000

7,676



In total, the cost of raw materials increased by PLN 7,676 million, which reflected a PLN 8,663 million change in the prices of key raw materials offset by a PLN -1,624 million decrease in volumes.

The steepest growth in raw material costs was recorded in the case of natural gas, which surged by approximately 125% year on year, energy carriers – electricity and coal, up by approximately 23% and 16%, and minerals – potassium chloride and phosphate rock, up by 120% and 61%, respectively (cost of consumption by the Grupa Azoty Group).

In 2022, gas accounted for 57.8% of the total cost of raw materials consumed by the Group, up by 13.1pp year on year.



See our financial condition in 2022

The Grupa Azoty Group's financial condition is sound – the parent, subsidiaries, and associates remain fully solvent with a good credit standing. The parent partly relies on external sources of liquidity, such as umbrella facility agreements to secure its current liquidity needs, and corporate financing agreements, including long-term agreements, concluded in accordance with the Strategy. The parent and its subsidiaries have also entered into physical cash pooling arrangements in PLN, EUR, and USD to finance cash deficits of the scheme's participants with cash surpluses generated by other companies. As a result, liquidity risk remains low even in the event of a short-lived macroeconomic downturn. The parent also has an option to postpone the payment of its liabilities and has entered into factoring agreements as an additional liquidity management tool.

In 2022, no material adverse impact of the COVID-19 pandemic on the Group's business was identified.

The parent's growth in 2023 will depend largely on the prices of its key raw materials, especially natural gas, and the ability to generate positive margins on key products sold domestically and on foreign markets. Its future financial performance will also be affected by the USD and EUR exchange rates as well as conditions prevailing in agriculture and other end user sectors. The parent intends to consistently pursue its financial and investment objectives outlined in the Strategy so as to ensure the target level of ROI for its investors.

The Grupa Azoty Group's financial position remains stable. Additional sources of liquidity include:

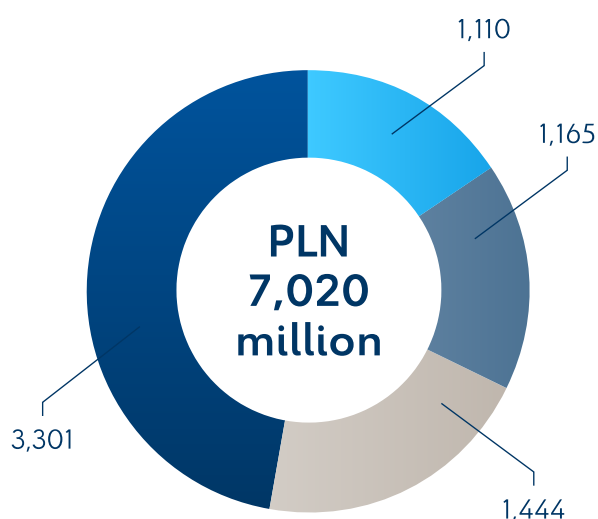
- cash, which stood at PLN 1,379 million as at December 31st 2022, including cash held as bank deposits,
- PLN 5,579 million in undrawn credit facilities as at December 31st 2022,
- available reverse factoring limits of PLN 1,441 million.

Cash and amounts available under the financing facilities totalled PLN 8,399 million as at December 31st 2022.

Secured corporate finance and project finance	(PLN million)
PKO and bank syndicate	
Revolving and umbrella credit facilities	3,721

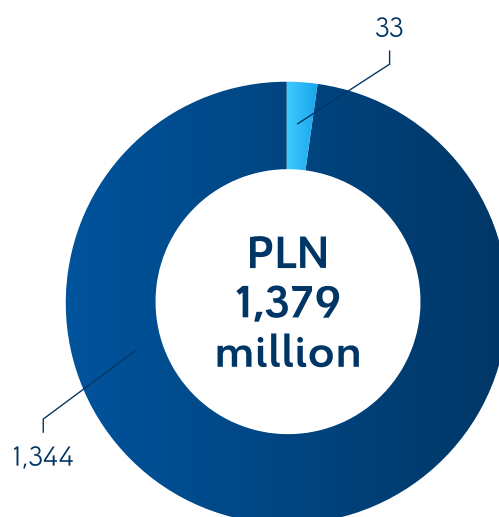
EIB and EBRD	
Total Loan Agreement	1,229
Bank syndicate – Polimery Police	
Credit facilities agreement – project finance	5,449
Total corporate finance and project finance	10,399

Available funding



- Credit facilities of Polimery Police
- Corporate loans
- Overdraft and multi-purpose facilities
- Other financing sources

Cash

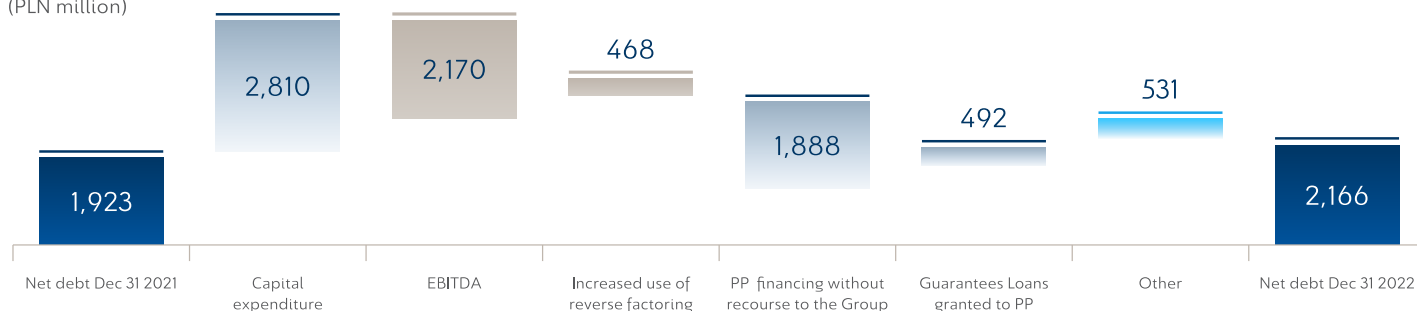


- Cash of the Group
- Cash of Polimery Police

Net debt	Dec 31 2021	Dec 31 2022
Net debt (PLN million)	1,923	2,166
Net debt/12M EBITDA (x)	0.96	0.86
Total debt ratio (%)	62.3	61.5

Net Debt Bridge

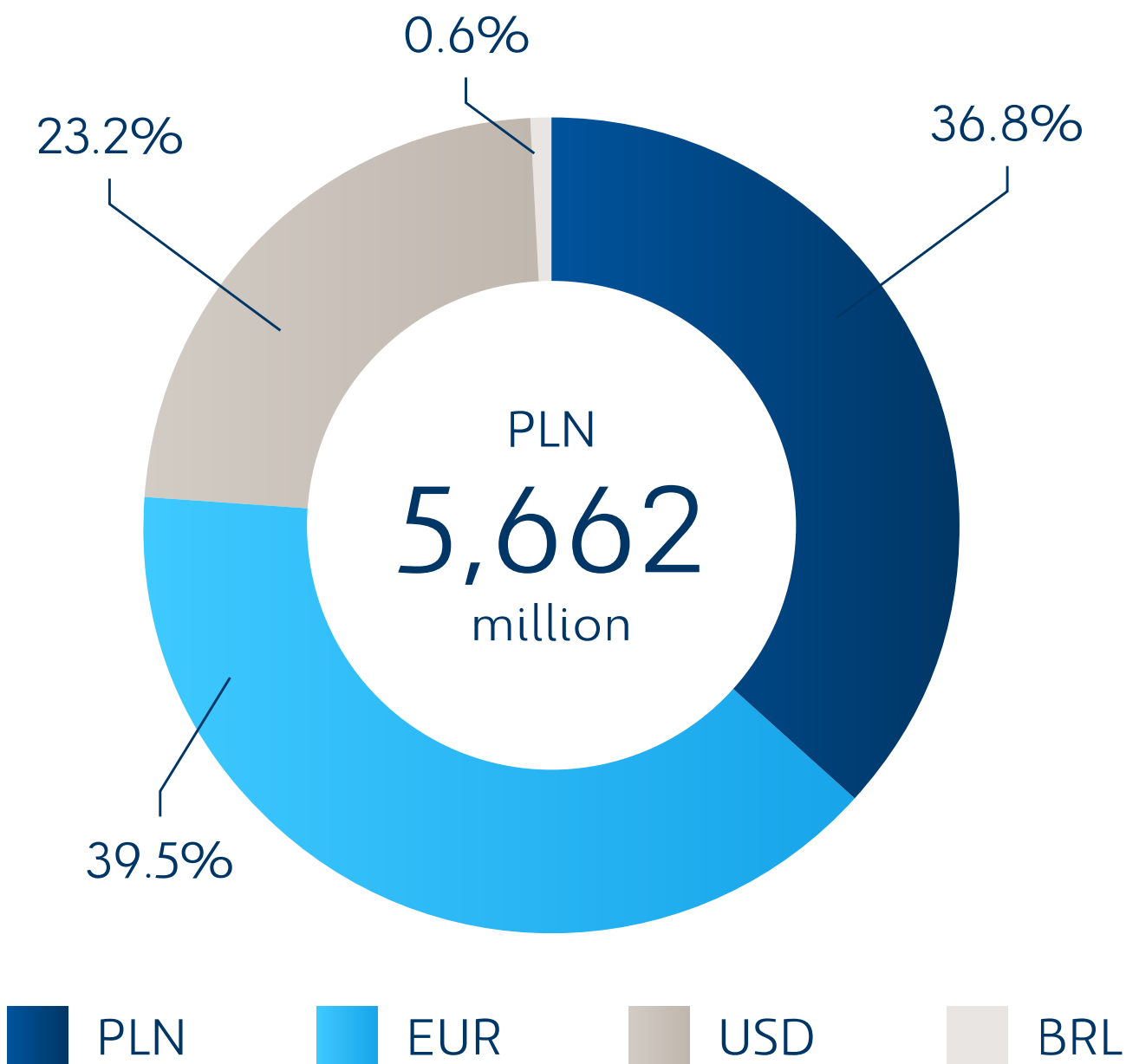
(PLN million)



Currency structure of GRUPA AZOTY Group's borrowings

as at Dec 31 2021

Currency structure of borrowings	Millions in relevant currency	PLN million
Borrowings in PLN	2,081	2,081
Borrowings in EUR	487	2,235
Borrowings in USD	320	1,314
Borrowings in BRL	38	32
Total		5,662



See our projects in figures

In 2022, our total capital expenditure amounted to PLN 2,746.3 million, having increased by 7% year on year.

The Grupa Azoty Group has several ongoing investment projects, of which the largest one is Polimery Police. The total value of the project is PLN 7,211 million, of which PLN 4,640 million has already been spent, including PLN 1,533 million in 2022. Progress on the project, scheduled for completion in 2023, has reached 99%. As part of the Polimery Police project, the Group plans to launch a propylene dehydrogenation plant (PDH) and a polypropylene production plant with associated infrastructure (including expansion of the Police Seaport to include a propane and ethylene handling and storage terminal).

CapEx structure - companies

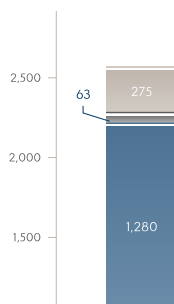
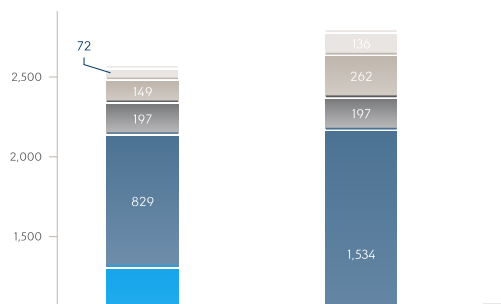
(PLN million)

3,000

CapEx structure – type of investment

(PLN million)

3,000





Taxonomy

The main tool to achieve this objective is the system of uniform classification of sustainable activities, commonly referred to as the EU taxonomy, which was implemented into European law by Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 (the “EU Taxonomy”) and Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021 (delegated act on technical screening criteria), Commission Delegated Regulation (EU) 2021/2178 of July 6th 2021 (delegated act to Article 8 of the EU Taxonomy) and Commission Delegated Regulation (EU) 2022/1214 of March 9th 2022 (delegated act on nuclear energy and fossil gas activities).

The EU Taxonomy as a classification system has established a list of environmentally sustainable economic activities. An environmentally sustainable activity is one that makes a substantial contribution to one or more of the following six environmental objectives:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

Moreover, such activities may not cause any significant harm to any of the other objectives (the ‘do no significant harm’ principle), while ensuring that the minimum safeguards are complied with. The criteria for making a substantial contribution to one or more of the six environmental objectives and the ‘do no significant harm’ principle are defined through the technical screening criteria

laid down in the Taxonomy delegated acts (Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214), while the minimum safeguards include the implementation of due diligence procedures as defined by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labor Organization's Declaration on fundamental principles and rights at work and the principles and rights set forth in the International Charter of Human Rights.

Pursuant to Article 10(4) of Delegated Regulation 2021/2178, an analysis of the Taxonomy alignment is required with respect to Taxonomy disclosures published as of January 1st 2023 and covering information for 2022. Mandatory disclosures of non-financial undertakings refer to key performance indicators and accompanying information as defined in Annexes I, II and XII to the Regulation. Key performance indicators refer to the proportion of the Taxonomy-aligned economic activities, Taxonomy-eligible activities that are not Taxonomy-aligned, and Taxonomy-non-eligible activities within the three indicators:

- turnover,
- capital expenditures (CapEx),
- operating expenses (OpEx).

Disclosures regarding the Taxonomy alignment cover, at the date of this report, only the first two environmental objectives, i.e. climate change mitigation and climate change adaptation, for which the delegated acts establishing the technical screening criteria and the 'do no significant harm' principle have been published. Qualitative disclosures on accounting policies, assessment of compliance with Regulation 2020/852, and contextual information are also required.

Accounting policies

Key performance indicators include: the proportion of the Taxonomy-aligned economic activities, Taxonomy-eligible activities that are not Taxonomy-aligned, and Taxonomy-non-eligible activities in total turnover, capital expenditures (CapEx) and operating expenses (OpEx), hence the key importance of correct calculation of the **numerator** and **denominator** of these indicators.

Pursuant to Annex I to Delegated Regulation 2021/2178, as part of disclosures regarding accounting policies, non-financial undertakings should explain how turnover, capital expenditures (CapEX) and operating expenses (OpEx) were determined and allocated to the numerator, and the basis on which the turnover, capital expenditures and operating expenses were calculated, including any assessment in the allocation of revenues or expenditures to different economic activities. The Grupa Azoty Group's accounting model is compliant with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) endorsed by the European Union, which are expressly referred to in Delegated Regulation 2021/2178. This enabled correct identification of the amounts (expressed in figures) comprising the denominator of the key performance indicators for turnover, capital expenditures (CapEX) and operating expenses (OpEx) and then, within each of these indicators, the allocation of the value of Taxonomy-aligned activities (numerator) and that of Taxonomy-eligible activities that are not Taxonomy-aligned, and Taxonomy-non-eligible activities.

This is how Delegated Regulation 2021/2178 describes the three key performance indicators for turnover, capital expenditures (CapEx) and operating expenses (OpEx):

Turnover

The denominator includes revenue consistent with the disclosure in the consolidated financial statements as at December 31st 2022. Revenue recognised in accordance with International Accounting Standard (IAS) 1.82(a) is considered turnover as defined in Article 2(5) of Directive 2013/34/EU of the European Parliament and of the Council of June 26th 2013, which defines it as "the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover".

The numerator equals to the part of net turnover derived from the sale of products or the provision of services, including intangibles, associated with Taxonomy-aligned economic activities.

The numerator equals to the part of net turnover derived from the sale of products or the provision of services.

Capital expenditures (CapEx)

The denominator covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also includes additions to property, plant and equipment and intangible assets resulting from business combinations. Also under this item the Group recognises increases in right-of-use assets resulting

mainly from its entry into new lease contracts as a lessee and additions to property classified by the Group as investment property.

The individual values are presented in the consolidated financial statements as at December 31st 2022 in the following line items: Property, plant and equipment (note 9) and Intangible assets (note 12): increase due to purchase, production, commissioning, decrease due to commissioning; Investment property (note 11): increase due to purchase, production, subsequent expenditure, increase due to accounting for business acquisition, decrease due to commissioning; Right-of-use assets (note 10): increase due to execution of new contracts, decrease due to commissioning.

The numerator equals to the part of capital expenditures (CapEx) related to assets or processes associated with Taxonomy-aligned economic activities, related to the purchase of output from Taxonomy-aligned economic activities, or when it is part of a plan to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned.

Operating expenses (OpEx)

The denominator covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The denominator does not include any other expenditures in the other direct expenditures category.

The numerator equals to the part of operating expenses (OpEx) related to assets or processes associated with Taxonomy-aligned economic activities, related to the purchase of output from Taxonomy-aligned economic activities, or when it is part of a plan to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned.

Assessment of compliance with Regulation 2020/852

Mandatory EU Taxonomy disclosures apply to undertakings that meet the criteria specified in Article 19a or 29a of Directive 2013/34/EU. As an entity that is subject to the obligations under the Directive and prepares non-financial reports in accordance with the Accounting Act, the Grupa Azoty Group is obliged to make Taxonomy disclosures for 2022. The reporting of Taxonomy disclosures by the Group is compliant with Regulation 2020/852 and the three delegated acts: Delegated Regulation 2021/2139, Delegated Regulation 2021/2178 and Delegated Regulation 2022/1214.

In order to make the disclosures and calculate the required key performance indicators, the Grupa Azoty Group performed a two-stage analysis.

In the first stage, Taxonomy-eligible economic activities were identified. While performing the analysis, the Group relied on the previous year's experience, when it was obliged to disclose eligibility information pursuant to Article 10 of Commission Delegated Regulation (EU) 2021/2178 – in the case of Grupa Azoty, these were disclosures covering the period January 1st–December 31st 2021. Similarly to the previous year, all activities described in the Delegated Regulations were analysed in terms of the Group's revenues. Descriptions of economic activities contained in Delegated Regulation 2021/2139 (establishing the technical screening criteria for the activities as laid down therein) and Delegated Regulation 2022/1214 (establishing the technical screening criteria for nuclear energy and fossil gas activities) were used to identify turnover from eligible activities. As revenues were analysed at the level of individual Group companies, each revenue item was used only once. For the purposes of calculating the key performance indicators for capital expenditures and operating expenses (CapEx and OpEx KPIs), the relevant expenditures on assets and processes were analysed and the associated business activities, as described in Delegated Regulation 2021/2139 and Delegated Regulation 2022/1214, were identified. As the analysis was conducted individually for each item of the expenditures at all the Group companies, no item of the expenditures was used more than once.

In the second stage, the Taxonomy-eligible economic activities identified within the key performance indicators for turnover, capital expenditures (CapEx) and operating expenses (OpEx) were assessed for compliance with the technical screening criteria and the 'do no significant harm' principle, and it was determined whether the requirements for minimum safeguards were met. The analysis conducted individually for each item within the key performance indicators for turnover, capital expenditures (CapEx) and operating expenses (OpEx) at all of the Grupa Azoty Group companies ensures that each item of revenues, capital expenditures and operating expenses was used in the calculations only once.

The activities identified by the Grupa Azoty Group as Taxonomy-aligned were matched to one of the two environmental objectives covering the technical screening criteria, i.e. climate change mitigation or climate change adaptation. However, as the Grupa Azoty Group companies reported the key performance indicator for capital expenditures (CapEx), it was noted that activity 5.1. related to the construction, extension and operation of water collection, treatment and supply systems makes a substantial contribution to two environmental objectives. The analysis found that activity 5.1. carried out within that scope by the Grupa Azoty Puławy Group made a substantial contribution to climate change mitigation, while activity 5.1. carried out within that scope by the Grupa Azoty Police Group made a substantial contribution to climate change adaptation. Otherwise, the activities reported by the Grupa Azoty Group companies made a substantial contribution to the environmental objective of climate change mitigation.

Analysis of the Grupa Azoty Group's activities for the EU Taxonomy alignment

The Taxonomy-aligned economic activities have been identified at the following companies of the Grupa Azoty Group:

- Grupa Azoty S.A.
- Grupa Azoty Zakłady Azotowe Puławy S.A.
- Grupa Azoty Koltar Sp. z o.o.
- Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.
- Grupa Azoty Zakłady Chemiczne Police S.A.
- Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol S.A.
- Grupa Azoty Jednostka Ratownictwa Chemicznego Sp. z o.o.
- Grupa Azoty Zakłady Fosforowe Gdańsk Sp. z o.o.

Company-specific data was collected and analysed by departments responsible for reporting data by business line. Responsibility for the data collection and aggregation rested with the Consolidation Unit of the Group's Corporate Controlling Department.

The analysis for compliance with the requirements of the technical screening criteria and the 'do no significant harm' principle was carried out by the same departments and business units responsible for reporting the Group entities' data which, in their preliminary analysis, confirmed the Taxonomy-eligibility of the activities concerned. In order to consider an activity Taxonomy-aligned, it was necessary to perform a climate risk and vulnerability assessment. In the case of economic activities assessed for making a substantial contribution to climate change mitigation, the climate risk and vulnerability assessment was a condition for meeting the 'do no significant harm' principle. As for economic activities assessed for making a substantial contribution to climate change adaptation, the climate risk and vulnerability assessment was a condition for meeting the substantial contribution criterion. The assessment was performed by the departments responsible for reporting at individual Grupa Azoty Group companies. Each of the economic activities was analysed in terms of contributing to one of the two environmental objectives in the context of the twenty-eight physical climate risks defined in Appendix A to Delegated Regulation 2021/2139. In the first stage of the climate risk assessment, a list of climate-related threats affecting the activities subject to assessment was identified and determined to be adequate. Threats that do not occur at the location of the economic activities subject to assessment for the Taxonomy alignment, as well as threats that occur at the location but do not affect any of the elements of the system enabling the conduct of activities subject to assessment, were excluded from the list. In the second stage of the risk and vulnerability assessment, the entities assessed the materiality of the consequences of materialisation of each relevant risk on the economic activities subject to assessment. The analysis was performed over two time horizons, as required by the Regulation: up to 10 years and from 10 to 30 years. None of the identified risks was assessed as 'high', i.e. material. In most cases, the risk was assessed as 'low' and only occasionally as 'moderate'.

The activities identified by the Grupa Azoty Group make a substantial contribution to climate change mitigation and climate change adaptation. Therefore, the climate risk assessment concerned satisfaction of the criteria for the 'do no significant harm' principle (in the case of climate change mitigation) and substantial contribution (in the case of climate change adaptation).

Analysis of the Grupa Azoty Group's activities

The manufacturing and selling activities of the Grupa Azoty Group are conducted by five segments:

- Agro Fertilizers,
- Plastics,
- Chemicals,
- Energy,
- Other Activities.

The principal business of the Group, i.e. the manufacture of mineral and compound fertilizers, is not captured in the Taxonomy classification. Although the NACE code for fertilizer manufacturing activities is described in the Delegated Act, Grupa Azoty has adopted a conservative approach and has not classified revenues from the manufacturing of mineral and compound fertilizers as Taxonomy-aligned. This approach followed a recommendation from the European Commission set out in the December 2021 and February 2022 Taxonomy FAQ documents, which indicate the need to examine the compatibility of activities with the activity description in the Delegated Act and not to regard NACE codes as the sole determinant of the Taxonomy alignment.

It should be noted, though, that the manufacture of the main components for the production of mineral and compound fertilizers (i.e. ammonia and nitric acid) by some Group companies for use by other (intragroup revenues eliminated on consolidation) is consistent with the activities defined in Taxonomy delegated acts. Therefore, the Taxonomy disclosures included, on a non-mandatory basis, information that external revenues from sale of mineral and compound fertilizers based on ammonia and nitric acid (feedstocks included in Taxonomy delegated acts) in 2022 were PLN 13,020 million.

Revenues of Grupa Azoty	PLN million	%
Total revenues from Taxonomy-non-eligible activities	24,088	97.7%
Including revenue from sales of mineral and compound fertilizers based on ammonia and nitric acid manufactured by the Group	13,020	52.8%
Total revenue from Taxonomy-eligible activities	570	2.3%
Total revenue from Taxonomy-aligned activities	0	0%
Revenues of the Group	24,658	100%

Calculation of key performance indicators

Turnover

- Having gone through all the required steps to identify Taxonomy-aligned activities, we determined that the Grupa Azoty Group's net revenue is not derived from such activities. Neither the Grupa Azoty Group nor its member groups Grupa Azoty Police and Grupa Azoty Puławy identified any Taxonomy-aligned turnover. Concurrently, Taxonomy-eligible economic activities have been identified; the key ones include:
 - From the perspective of the Grupa Azoty Police Group:
 - activity 3.15. Manufacture of ammonia (more than PLN 585 million, or almost 100% of the turnover classified by the Grupa Azoty Police Group as Taxonomy-eligible) carried out through the production and sale of anhydrous ammonia with a wide range of applications in the chemical and pharmaceutical industries and refrigeration; The Grupa Azoty Police Group recognises this revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*, with a major part of these activities being directed to other related parties (i.e. other companies of the Grupa Azoty Group which are not part of the Grupa Azoty Police Group); The turnover KPI denominator for the Grupa Azoty Police Group is PLN 5,350 million.
 - From the perspective of the Grupa Azoty Puławy Group:
 - activity 3.15. Manufacture of ammonia (nearly PLN 88 million, or almost 91% of the turnover classified by the Grupa Azoty Puławy Group as Taxonomy-eligible) carried out, as described above, through the production and sale of ammonia by the Agro segment (product used in the chemical industry to manufacture fertilizers and to saponify fats and oils); The Grupa Azoty Puławy Group recognises this revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*, with a predominant part of these activities being directed to other related parties (i.e. other companies of the Grupa Azoty Group which are not part of the Grupa Azoty Puławy Group); The turnover KPI denominator for the Grupa Azoty Puławy Group is PLN 8,899 million.
- From the perspective of the Grupa Azoty Group as a whole:

- activity 4.9. Transmission and distribution of electricity (nearly PLN 308 million, or more than half of the turnover classified by the entire Grupa Azoty Group as Taxonomy-eligible) carried out mainly by the subsidiary Grupa Azoty Zakłady Azotowe Kędzierzyn S.A., which enters into comprehensive contracts for the sale of electricity and electricity distribution services (it purchases high-voltage electricity and sells it after conversion over medium and low-voltage grids); the subsidiary recognises this revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*, and the concluded contracts usually contain two performance obligations (the sale and distribution of electricity) within the meaning of the aforementioned standard, the distribution part being thus separated;
- activity 3.15. Manufacture of ammonia (just under PLN 131 million, or approximately 23% of the turnover classified by the entire Grupa Azoty Group as Taxonomy-eligible) carried out primarily by the Grupa Azoty Police Group and Grupa Azoty Puławy Group (the part relating to sales outside the Grupa Azoty Group), as described above;

The turnover KPI denominator for the entire Grupa Azoty Group is PLN 24,658 million.

Company	Revenue (PLN million)	% revenue from Taxonomy non-eligible activities	% revenue from Taxonomy eligible but not Taxonomy-aligned activities	% of revenue from Taxonomy-aligned activities
Grupa Azoty	24,658	97.7%	2.3%	0.0%
Grupa Azoty S.A.	3,961	65.1%	34.9%	0.0%
GK GA PUŁAWY	8,899	98.9%	1.1%	0.0%
GA PUŁAWY S.A.	8,060	98.8%	1.2%	0.0%
GK GA POLICE	5,350	89.1%	10.9%	0.0%
GA POLICE S.A.	5,311	89.0%	11.0%	0.0%

Capital expenditures (CapEx)

- Having gone through all the required steps to identify Taxonomy-aligned activities, we determined there is capital expenditure at the Grupa Azoty Group substantially contributing to an environmental objective and meeting the technical screening criteria, while not causing significant harm to any other environmental objectives. Such capital expenditure is capital investment associated with:
 - From the perspective of the Grupa Azoty Police Group:
 - activity 5.1. Construction, extension and operation of water collection, treatment and supply systems (more than PLN 13 million, or almost all capital expenditure classified by the Grupa Azoty Police Group as Taxonomy-aligned), recognised as making a substantial contribution to the environmental objective of climate change adaptation; projects carried out included an upgrade of the intake pumping station for cooling water and a project to make the production of demineralised water independent of variable salinity of the Oder River, and were accounted for mainly in accordance with IAS 16 *Property, Plant and Equipment*. The CapEx KPI denominator for the Grupa Azoty Police Group is PLN 212 million.
 - From the perspective of the Grupa Azoty Puławy Group:
 - activity 5.1. Construction, extension and operation of water collection, treatment and supply systems (just under PLN 2 million, or approximately 81% of the capital expenditure classified by the Grupa Azoty Puławy Group as Taxonomy-aligned), that is primarily capital assets (accounted for mostly in accordance with IAS 16 *Property, Plant and Equipment*) necessary to carry out water collection, treatment and distribution activities (projects carried out in 2022 included extensions of the water demineralisation and decarbonisation stations and an upgrade of the decarbonised water pumping station, which made a substantial contribution to the environmental objective of climate change mitigation); The CapEx KPI denominator for the Grupa Azoty Puławy Group is just under PLN 470 million.

- From the perspective of the Grupa Azoty Group as a whole:
 - activity 4.15 District heating / cooling distribution (more than PLN 17 million) and 4.25. Production of heat / cool from waste heat (more than PLN 8 million), which combined account for approximately 47% of the capital expenditure classified by the entire Grupa Azoty Group as Taxonomy-aligned, relating to investment in the Energy segment of the Grupa Azoty Group's parent (generation of energy, in this case heat, for sale and distribution services; in the case of
 - activity 4.15. – projects included an upgrade of the hot water network and thermal insulation of the steam pipeline, in the case of activity 4.25. – they included the construction of a neutralisation and precipitation unit) – expenditure incurred primarily on capital assets, accounted for in accordance with IAS 16 *Property, Plant and Equipment*;
 - activity 5.1. Construction, extension and operation of water collection, treatment and supply systems (over PLN 15 million, or almost 29% of capital investments classified by the entire Grupa Azoty Group as Taxonomy-aligned), carried out primarily by the Grupa Azoty Police Group and the Grupa Azoty Puławy Group (as described above);
 - activity 4.9. Transmission and distribution of electricity (close to PLN 6 million) and 4.1. Generation of electricity using solar photovoltaic technology (more than PLN 4 million), which combined account for nearly 19% of the capital expenditure classified by the entire Grupa Azoty Group as Taxonomy-aligned, relating mainly to purchases of capital assets by the subsidiary Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. engaged (as one area of its business activities) in the sale and distribution of electricity, as already described in the section on the Grupa Azoty Group's turnover (again, the expenditure is mostly accounted for in accordance with IAS 16 *Property, Plant and Equipment*).

The largest capital investments (not classified as Taxonomy-aligned but classified as Taxonomy-eligible), accounting for about 74% of total Taxonomy-eligible activities (more than PLN 1,459 million out of a total of approximately PLN 1,971 million) were made primarily by the subsidiary Grupa Azoty Polyolefins S.A. as part of activity 3.17. Manufacture of plastics in primary form, in relation to the Polimery Police project (which is designed as Central and Eastern Europe's largest propylene and polypropylene plant operating its own marine terminal). The investments were made largely on machinery, accounted for in accordance with IAS 16 *Property, Plant and Equipment*.

The CapEx KPI denominator for the entire Grupa Azoty Group is PLN 3,001 million.

Company	CapEx (PLN million)	% CapEx of Taxonomy non- eligible activities	% CapEx of Taxonomy eligible but not Taxonomy-aligned activities	% CapEx of Taxonomy-aligned activities
Grupa Azoty	3,001	34.3%	63.9%	1.8%
Grupa Azoty S.A.	192	66.7%	20.4%	12.9%
GK GA Puławy	470	41.5%	58.0%	0.5%
GA Puławy S.A.	448	39.4%	60.2%	0.4%
GK GA Police	212	68.5%	25.0%	6.5%
GA Police S.A.	217	69.2%	24.5%	6.3%

Operating expenses (OpEx)

- Having gone through all the required steps to identify Taxonomy-aligned activities, we determined that the amounts of operating expenses substantially contributing to an environmental objective and meeting the technical screening criteria, while not causing significant harm to any other environmental objectives, are very small in relation to both total operating expenses (defined in the same way as in Delegated Regulation 2021/2178 and used as the denominators of relevant key performance indicators) and the Taxonomy-eligible operating expenses. Accordingly:
 - From the perspective of the Grupa Azoty Police Group – there are no Taxonomy-aligned operating expenses; The OpEx KPI denominator for the Grupa Azoty Police Group is PLN 35 million.

- From the perspective of the Grupa Azoty Puławy Group – there are no Taxonomy-aligned operating expenses; The OpEx KPI denominator for the Grupa Azoty Puławy Group is PLN 134 million.
- From the perspective of the entire Grupa Azoty Group, a total amount of just over PLN 0.1 million was classified as Taxonomy-aligned, incurred in connection with activity 4.15. District heating / cooling distribution, and 4.25. Production of heat / cool from waste heat, which is associated with environmentally sustainable capital expenditures (CapEx; as described above) and incurred within these two categories by the Grupa Azoty Group's parent;

At the entire Grupa Azoty Group, the total amount of Taxonomy-eligible but not Taxonomy-aligned operating expenses is approximately PLN 42 million. The key activity (accounting for nearly PLN 20 million, or 48% of the total Taxonomy-eligible operating expenses) is 3.15. Manufacture of ammonia, which is related to the maintenance of machinery used to manufacture anhydrous ammonia. The manufacture and sale of this gas (as described in the section on the key performance indicator for turnover) account for virtually the entire turnover of the Grupa Azoty Police Group and the Grupa Azoty Puławy Group classified as Taxonomy-eligible (of which the largest expenses are incurred by the Grupa Azoty Puławy Group on maintenance of this activity).

The OpEx KPI denominator for the entire Grupa Azoty Group is PLN 323 million.

Company	OpEx (PLN million)	% OpEx of Taxonomy non-eligible activities	% OpEx of Taxonomy eligible but not Taxonomy-aligned activities	% OpEx of Taxonomy- aligned activities
Grupa Azoty	323	87.1%	12.9%	0.0%
Grupa Azoty S.A.	103	70.9%	28.8%	0.3%
GK GA Puławy	134	84.7%	15.3%	0.0%
GA Puławy S.A.	136	78.0%	22.0%	0.0%
GK GA Police	35	87.7%	12.3%	0.0%
GA Police S.A.	115	81.1%	18.9%	0.0%

Minimum safeguards

In 2022, the Grupa Azoty Group conducted its operations in compliance with the minimum safeguards referred to in Article 18 of Regulation 2020/852. Compliance with the minimum safeguards was assessed by reference to recommendations of the Platform on Sustainable Finance, which proposes two criteria indicating non-compliance with the minimum safeguards:

1. no adequate human rights due diligence processes established by an undertaking,
2. the undertaking found in breach of human rights and other relevant principles.

Re. 1) The Grupa Azoty Group has human rights due diligence processes in place, as outlined in the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises:

- The Group's approach to human rights and labour rights is defined in the [Code of Ethical Conduct](#), the [Anti-Corruption Code](#) and the Anti-Workplace Bullying and Anti-Discrimination Policy. Suppliers are also expected to respect human rights in accordance with [the Grupa Azoty Group's Trading Partners Code of Conduct](#). Furthermore, the Group companies comply with the relevant supplier codes of conduct and ethics codes, adapted to their particular circumstances (with respect to contact details of compliance officers, etc.). For more information on the commitment to respect for human rights, see section 7 of this report [7. Our management approach – Ethics and values](#)
- The following material risks of human rights and labour rights abuses have been identified in the Grupa Azoty Group's Enterprise Risk Register:

- risk of human rights violations at work,
- risk of accidents at work, occupational ill-health and other threats,
- risk of infringing on or interfering with employees' right to freedom of association and collective bargaining,
- risk of violation of ethical principles and standards.

This due diligence approach allows us to integrate human rights issues into our daily risk management activities. While the risk approach remains fundamentally consistent across the Group, there may be potential variations between individual companies, in the assessment of the probability associated with specific risks and the methods employed for risk mitigation.

- The Group takes preventive measures to address those risks, as described in section 2.5. *Risk management of Non-financial statement of the Grupa Azoty Group 2022*
- The Group routinely assesses the effectiveness of the measures it has implemented. With respect to the social risks listed above, key risk indicators (KRI) were defined in September 2022, subject to periodic measurement. In addition, the risks are subject to quantitative risk analysis on an annual basis and updated, if needed. Tracking of the effectiveness of our approach to labour rights is also incorporated into our integrated management systems. For more information on the standards underpinning our management systems at individual companies, including OHS standards, see section 2.4. *Integrated management systems of Non-financial statement of the Grupa Azoty Group 2022*
- The Group has established procedures for reporting misconduct and other concerns (the Whistleblowing Policy provides a Group-wide framework for making such reports). Concerns can also be reported via channels available at individual companies. A whistleblower can be an employee, trading partner or any other person.
- The Group has follow-up and corrective procedures in place – all reports are investigated as a collective effort, and optimal solutions are devised to eliminate or minimise adverse human rights and labour rights impacts, also under the Anti-Workplace Bullying and Anti-Discrimination Policy. There are also whistleblower policy implementation teams and OHS teams at individual companies.

Re 2) In 2022, no final court decisions were issued that would confirm that Grupa Azoty S.A. or its subsidiaries (companies providing input data for this report) had violated or infringed on human rights, labour rights, tax law, fair competition law, or anti-corruption regulations. The OECD National Contact Points received no reports concerning the Group or its member companies and found no violations of the OECD Guidelines for Multinational Enterprises on the part of the Group or its member companies. No allegations from the Business and Human Rights Resource Centre have been made against the Group in the past two years.

Grupa Azoty

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
N/A	N/A	N/A	0%	0%	0%	0%	0%	0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of hydrogen	3.10.	6,921	0.1%					
Manufacture of organic basic chemicals	3.14.	38,712	0.2%					
Manufacture of ammonia	3.15.	130,943	0.5%					
Manufacture of nitric acid	3.16.	2,627	0.0%					
Manufacture of plastics in primary forms	3.17.	81,936	0.3%					
Transmission and distribution of electricity	4.9.	307,640	1.2%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	385	0.0%					
Construction, extension and operation of wastewater collection and treatment systems	5.3.	678	0.0%					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		569,842	2.3%					

SCROLL TABLE

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Total (A.1 + A.2)		569,842	2.3%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Turnover of Taxonomy-non-eligible economic activities (B)		24,088,011	97.7%					
Total (A + B)		24,657,853	100%					

Grupa Azoty

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
Generation of electricity using solar photovoltaic technology	4.1.	4,304	0.1%	100%	0%	0%	0%	0%
Transmission and distribution of electricity	4.9.	5,648	0.2%	100%	0%	0%	0%	0%
District heating/cooling distribution	4.15.	17,103	0.6%	100%	0%	0%	0%	0%

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Production of heat/cooling using waste heat	4.25.	8,048	0.3%	100%	0%	0%	0%	0%
Construction, extension and operation of water collection, treatment and supply systems	5.1.	15,374	0.5%	12.5%	87.5%	0%	0%	0%
Renewal of water collection, treatment and supply systems	5.2.	917	0.0%	100%	0%	0%	0%	0%
Freight rail transport	6.2.	2,010	0.1%	100%	0%	0%	0%	0%
Infrastructure enabling low-carbon road transport and public transport	6.15.	17	0.0%	100%	0%	0%	0%	0%
Installation, maintenance and repair of energy efficiency equipment	7.3.	152	0.0%	100%	0%	0%	0%	0%
Capital expenditures of environmentally sustainable activities (Taxonomy-aligned) (A.1)		53,573	1.8%	74.9%	25.1%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of hydrogen	3.10.	8,052	0.3%					
Manufacture of ammonia	3.15.	137,737	4.6%					
Manufacture of nitric acid	3.16.	279,461	9.3%					

SCROLL TABLE

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Manufacture of plastics in primary forms	3.17.	1,459,221	48.7%					
Transmission and distribution of electricity	4.9.	10,873	0.4%					
District heating/cooling distribution	4.15.	1,209	0.0%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	2,044	0.1%					
Renewal of water collection, treatment and supply systems	5.2.	68	0.0%					
Construction, extension and operation of wastewater collection and treatment systems	5.3.	805	0.0%					
Renewal of wastewater collection and treatment	5.4.	205	0.0%					
Recovery of materials from non-hazardous waste	5.9.	21	0.0%					
Freight rail transport	6.2.	3,977	0.1%					
Infrastructure for rail transport	6.14.	9,097	0.3%					
Renovation of existing buildings	7.2.	3,382	0.1%					

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Installation, maintenance and repair of energy efficiency equipment	7.3.	800	0.0%					
Capital expenditures of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		1,916,952	63.9%					
Total (A.1 + A.2)		1,970,525	65.7%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Capital expenditures of Taxonomy non-eligible economic activities (B)		1,030,042	34.3%					
Total (A + B)		3,000,567	100%					

Grupa Azoty

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
District heating/cooling distribution	4.15.	123	0.0%	100%	0%	0%	0%	0%
Production of heat/cooling using waste heat	4.25.	10	0.0%	100%	0%	0%	0%	0%
Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)		133	0.0%	100%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of hydrogen	3.10.	1,361	0.4%					
Manufacture of organic basic chemicals	3.14.	2,200	0.7%					
Manufacture of ammonia	3.15.	19,978	6.2%					
Manufacture of nitric acid	3.16.	4,834	1.5%					
Manufacture of plastics in primary forms	3.17.	2,494	0.8%					
Transmission and distribution of electricity	4.9.	2,392	0.7%					
District heating/cooling distribution	4.15.	126	0.0%					

SCROLL TABLE

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1,458	0.5%					
Renewal of water collection, treatment and supply systems	5.2.	1,707	0.5%					
Construction, extension and operation of wastewater collection and treatment systems	5.3.	1,157	0.4%					
Renewal of wastewater collection and treatment	5.4.	190	0.1%					
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	2,053	0.6%					
Infrastructure for rail transport	6.14.	1,664	0.5%					
Operating expenses of Taxonomy-eligible economic activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		41,614	12.9%					
Total (A.1 + A.2)		41,747	12.9%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Operating expenses of Taxonomy non-eligible activities (B)		280,908	87.1%					

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Total (A + B)		322,655	100%					

Grupa Azoty Police Group

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
N/A	N/A	N/A	0%	0%	0%	0%	0%	0%
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	N/A	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of ammonia	3.15.	585,503	10.9%					

SCROLL TABLE

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Construction, extension and operation of water collection, treatment and supply systems	5.1.	204	0,0%					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		585,707	10.9%					
Total (A.1 + A.2)		585,707	10.9%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Turnover of Taxonomy-non-eligible economic activities (B)		4,763,972	89.1%					
Total (A + B)		5,349,679	100%					

Grupa Azoty Police Group

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
A.1 Environmentally sustainable activities (Taxonomy- aligned)								
Production of heat/cooling using waste heat	4.25.	119	0.1%	100%	0%	0%	0%	0%
Construction, extension and operation of water collection, treatment and supply systems	5.1.	13,459	6.3%	0%	100%	0%	0%	0%
Installation, maintenance and repair of energy efficiency equipment	7.3.	105	0.1%	100%	0%	0%	0%	0%
Capital expenditures of environmentally sustainable activities (Taxonomy- aligned) (A.1)		13,683	6.5%	1.6%	98.4%	0%	0%	0%
A.2 Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy- aligned)								SCROLL TABLE
Manufacture of ammonia	3.15.	29,653	14.0%					
Transmission and distribution of electricity	4.9.	10,561	5.0%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1,552	0.7%					

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Renewal of water collection, treatment and supply systems	5.2.	68	0.0%					
Renewal of wastewater collection and treatment	5.4.	205	0.1%					
Infrastructure for rail transport	6.14.	9,097	4.3%					
Renovation of existing buildings	7.2.	9,097	0.9%					
Capital expenditures of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		53,115	25.0%					
Total (A.1 + A.2)		66,798	31.5%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Capital expenditures of Taxonomy non-eligible economic activities (B)		145,252	68.5%					
Total (A + B)		212,050	100%					

Grupa Azoty Police Group

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)	Substantial contribution criteria							
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Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
N/A	N/A	N/A	0%	0%	0%	0%	0%	0%
Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	N/A	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								SCROLL TABLE
Manufacture of ammonia	3.15.	2,776	8.0%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1,478	4.3%					
Transport by motorbikes, passenger cars and light commercial vehicles	6.5.	6	0.0%					

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Operating expenses of Taxonomy-eligible economic activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		4,260	12.3%					
Total (A.1 + A.2)		4,260	12.3%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Operating expenses of Taxonomy non-eligible activities (B)		30,415	87.7%					
Total (A + B)		34,675	100%					

Grupa Azoty Puławy Group

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
N/A	N/A	N/A	0%	0%	0%	0%	0%	0%

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	N/A	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of hydrogen	3.10.	6,921	0.1%					SCROLL TABLE
Manufacture of ammonia	3.15.	87,624	1.0%					
Transmission and distribution of electricity	4.9.	877	0.0%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	232	0.0%					
Construction, extension and operation of wastewater collection and treatment systems	5.3.	678	0.0%					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		96,332	1.1%					
Total (A.1 + A.2)		96,332	1.1%					

B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES

Key performance indicators for turnover (turnover KPIs)				Substantial contribution criteria				
Turnover of Taxonomy-non-eligible economic activities (B)		8,802,405	98.9%					
Total (A + B)		8,898,737	100%					

Grupa Azoty Puławy Group

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
Generation of electricity using solar photovoltaic technology	4.1.	64	0.0%	100%	0%	0%	0%	0%
Production of heat/cooling using waste heat	4.25.	375	0.1%	100%	0%	0%	0%	0%
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1,915	0.4%	100%	0%	0%	0%	0%

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
Capital expenditures of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,354	0.5%	100%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								SCROLL TABLE
Manufacture of ammonia	3.15.	25,175	5.4%					
Manufacture of nitric acid	3.16.	244,583	52.1%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	123	0.0%					
Recovery of materials from non-hazardous waste	5.9.	21	0.0%					
Renovation of existing buildings	7.2.	1,403	0.3%					
Installation, maintenance and repair of energy efficiency equipment	7.3.	800	0.2%					
Capital expenditures of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		272,105	58.0%					
Total (A.1 + A.2)		274,459	58.5%					

Key performance indicators for capital expenditures (CapEx) (CapEx KPIs)				Substantial contribution criteria				
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								
Capital expenditures of Taxonomy non-eligible economic activities (B)		195,088	41.5%					
Total (A + B)		469,547	100%					

Grupa Azoty Puławy Group

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Economic activities (1)	Code(s) (2)	Total absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		(PLN '000)	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
N/A	N/A	N/A	0%	0%	0%	0%	0%	0%
Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	N/A	0%	0%	0%	0%	0%	0%

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
Manufacture of hydrogen	3.10.	912	0.7%					
Manufacture of ammonia	3.15.	16,114	12.0%					
Manufacture of nitric acid	3.16.	3,254	2.5%					
Transmission and distribution of electricity	4.9.	38	0.0%					
District heating/cooling distribution	4.15.	126	0.1%					
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1	0.0%					
Construction, extension and operation of wastewater collection and treatment systems	5.3.	38	0.0%					
Operating expenses of Taxonomy-eligible economic activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		20,483	15.3%					
Total (A.1 + A.2)		20,483	15.3%					
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES								

SCROLL TABLE

Key performance indicators for operating expenses (OpEx) (OpEx KPIs)				Substantial contribution criteria				
Operating expenses of Taxonomy non-eligible activities (B)		113,647	84.7%					
Total (A + B)		134,130	100%					

In accordance with Article 8(6)–8(8) of Delegated Regulation 2022/1214, the Grupa Azoty Group makes relevant disclosures concerning its nuclear energy and fossil gas activities.

The Grupa Azoty Group has exposure to fossil gas activities as it operates fossil gas-fired combined heat/cooling and power generation plants. Entities of the Grupa Azoty Group – including Grupa Azoty S.A. (Tarnów) and Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. – operate CHP plants where the concurrent production of heat and electricity takes place. As part of the analysis of Taxonomy-eligible and aligned activities, the Grupa Azoty Group identified no turnover, capital expenditures or operating expenses related to fossil gas activities for 2022. Given that completion of the gas-fired boiler project and its placement in permanent service are only scheduled for 2023, the relevant disclosures do not include information on the project.

Relevant disclosure tables for the entire Grupa Azoty Group including data for the Grupa Azoty Puławy Group and the Grupa Azoty Police Group and containing the key performance indicators (turnover, CapEx and OpEx) for nuclear energy and fossil gas activities are provided below.

1. Nuclear energy and fossil gas activities

Row	Nuclear energy activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2. Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) Climate change mitigation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	40,114	1.3%	133	0%
8	Total applicable KPI	24,657,853	100%	3,000,567	100%	322,655	100%

SCROLL TABLE

2. Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		Climate change adaptation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0%	13,459	0.5%	0	0%
8	Total applicable KPI	24,657,853	100%	3,000,567	100%	322,655	100%

SCROLL TABLE

3. Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		Climate change mitigation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0	100%	40,114	100%	133	100%
8	Total amount and total proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0	100%	40,114	100%	133	100%

SCROLL TABLE

3. Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		Climate change adaptation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	0	100%	13,459	100%	0	100%
8	Total amount and total proportion of Taxonomy-aligned economic activities in the numerator of the applicable KPI	0	100%	13,459	100%	0	100%

SCROLL TABLE

4. Taxonomy-eligible economic activities that are not Taxonomy-aligned

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		Climate change mitigation and climate change adaptation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-eligible but not Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	569,842	2.3%	1,916,952	63.9%	41,614	12.9%
8	Total amount and total proportion of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	569,842	2.3%	1,916,952	63.9%	41,614	12.9%

SCROLL TABLE

5. Taxonomy non-eligible economic activities

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages) Climate change mitigation and climate change adaptation					
		Turnover		CapEx		OpEx	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	N/A	0	N/A	0	N/A
7	Amount and proportion of other Taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	24,088,011	97.7%	1,030,042	34.3%	280,908	87.7%
8	Total amount and total proportion of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	24,088,011	97.7%	1,030,042	34.3%	280,908	87.7%

SCROLL TABLE



CLIMATE AND ENVIRONMENT

Environmental management

Environmental management systems in place at the four key Group companies conform to the ISO 14001:2015 standard for environmental protection and pollution prevention. These systems also require the companies to assess compliance of their activities with the legal regulations and other standards and to constantly enhance their methodologies for environmental protection.

In 2022, Grupa Azoty S.A. implemented the **Environmental Policy** with a primary focus on promoting clean production, reducing the consumption of natural resources, ongoing initiatives to curtail the use of raw materials and utilities, minimising pollutant emissions, and efficiently managing waste, while ensuring industrial process safety through effective accident prevention measures.

See our [Environmental Policy](#).

Given the extensive scale and scope of our operations and capabilities, our commitment is to go beyond what is required by law. Decarbonisation of production and energy efficiency underpin our roadmap for climate transition until 2030. A more detailed description is presented in the Group's business strategy and ESG strategy, as well as in the Green Azoty project, the crucial initiative in this context. The Group aims to reduce its coal-based electricity consumption to less than 50% by 2030.



BEST PRACTICE

Inland waterway transport

In 2022, Grupa Azoty Kędzierzyn and Trans International Logistic Centrum signed a letter of intent to execute certain logistics projects and restore transport via inland waterways. The letter announces plans to restore inland navigation on the Kędzierzyn and Gliwice Canals forming part of the Oder Waterway, and construct an intermodal terminal on the premises of the Kędzierzyn-Koźle plant. Plans also include the launch of a river transport system spanning the Kędzierzyn-Koźle Port Azoty – Wrocław section.

[Read more about the Green Azoty project](#)



See how we mitigate negative environmental impacts

[Own disclosure]

[Own disclosure]

Initiatives to mitigate environmental impacts of products and services implemented or commenced in 2022

Grupa Azoty S.A.

- Construction of a turbo generator set using steam from the Sulfuric Acid Department and the Dual-Pressure Nitric Acid Unit, and a 4 MPa steam pipeline. Once completed, the project will harness waste heat to generate electricity.
- Upgrade of power generation facilities at the parent. The project will provide Grupa Azoty S.A. with a peak-load/reserve source that would meet the emission requirements arising from BAT conclusions, while allowing it to maintain a sustained generation capacity of the process heat source.
- Adapting the flue gas desulfurisation unit to BAT conclusions. Upon completion, the project will adjust the FGD unit of boiler K-5, which is the main source of heat for Grupa Azoty S.A., to the new requirements set out in Commission Implementing Decision (EU) 2017/1442 of July 31st 2017 establishing best available techniques (BAT) conclusions for large combustion plants.
- Upgrade of the hot water network. The project will reduce heat losses in transmission pipelines and ensure security of heat supplies to internal customers and the City of Tarnów.
- Neutralisation unit (for ammonium nitrate). Once completed, the project will reduce steam heat consumption in the production process and mitigate its negative environmental impacts.
- Construction of a neutralisation and precipitation unit. Once completed, the project will reduce steam heat consumption in the production process and mitigate its negative environmental impacts.
- Construction of a sludge drying unit. The project will reduce the amount of waste generated in the treatment of industrial wastewater, while mitigating odour impacts.

Grupa Azoty Puławy

- Since the RSM®, Pulaska® and RSM®S liquid fertilizers sold to customers are loaded into rail and road tankers, they do not require disposable packaging, which reduces the quantity of materials used (plastic film, bags, pallets) and waste volumes.
- A new product was placed on the market: urea with a urease inhibitor (Pulrea + INu), designed to reduce ammonia emissions during its application as a fertilizer. The new product facilitates compliance with the national environmental requirements mandated by Directive 2016/2284 of the European Parliament and of the Council of December 14th 2016 on the reduction of national emissions of certain atmospheric pollutants (the 'NEC Directive'). The Directive establishes reduction commitments for the member states' anthropogenic atmospheric emissions of a number of pollutants, including ammonia (NH₃).
- Upgrade of the circulation water system at the Ammonia Plant was completed.
- The stripper at the Urea 2 synthesis section was upgraded, which will enhance the unit's energy efficiency.
- Construction of an ammonium nitrate melt production unit was completed. Construction of an accompanying nitric acid unit is in progress, which will not only reduce the emissions of nitrogen compounds, but will also improve the energy efficiency of nitrate fertilizer production.
- The continued, gradual modernisation of lighting systems, cable ducts and switchgears is also indirectly improving energy efficiency and environmental performance.

Grupa Azoty Police

- Replacement of absorption tower WAll at Line 7 of the Sulfuric Acid Department was completed. The purpose of the project was to maintain uninterrupted operation of the sulfuric acid and steam production unit and to avoid a major accident that could result in environmental contamination (leakage of sulfuric acid into the soil).
- Construction of pumping station P5 at the drainage ditch of the iron sulfate landfill site was completed for a more effective process of intercepting contaminants from drainage ditches, leading to increased protection of groundwater from contamination.
- Further progress on the project to make production of demineralised water independent of variable salinity of the Oder River and increase the capacity to produce treated water for special applications. The aim is to safeguard Grupa Azoty Police against periodic spikes in the Oder salinity levels, allowing it to use the river as the sole source of water treated for special applications.
- Replacement of absorption tower WA I with a new absorption tower on Line 3 is under way. The purpose is to maintain uninterrupted operation of the sulfuric acid and steam production unit and to avoid a major accident that could result in environmental contamination (leakage of sulfuric acid into the soil).
- Recycling of hydrogen originating from the propylene unit to be used at the ammonia unit. The objective behind the project is to lower the consumption of natural gas in ammonia production and thus reduce carbon dioxide emissions.
- Construction of facilities and infrastructure for the processing and treatment of ferrous sulfate is in progress. Once completed, the project will significantly reduce the volumes of ferrous sulfate landfilled as waste through its utilisation.
- Roof replacement on facility 363 – removal of asbestos. The project was undertaken in view of the need to remove asbestos cement roofing panels to comply with the applicable laws requiring that all products containing asbestos be removed from buildings and other structures.

Grupa Azoty Kędzierzyn

- Extension of the ammonia liquefaction unit and upgrade of the ammonia compression unit at the Ammonia Department Cooling Centre.
- Modification of the catalytic high-pressure partial combustion unit for natural gas, with upgrade of the E-102 boiler and E-117 superheater to adapt them to the new technological conditions.
- Construction of a peak-load/reserve boiler house with a 100 Mg/h gas-fired steam generator – replacement of obsolete Pauker coal-fired steam boilers with a gas-fired reserve/peak-load boiler.
- Increased control over separation of the aqueous and organic phases in the production of special esters by improving the cooling of condensate entering the separators on leaving the condenser.
- Construction of a 1 MW solar PV system in the field and a 30 kW system on the roof of an office building.
- Continued land remediation at the site of the decommissioned semi-hard wax and chromopol unit in accordance with the amended decision issued by the Regional Environmental Protection Directorate.



See our contribution to developing the hydrogen market in Poland

Poland is Europe's third largest producer of hydrogen, with the Grupa Azoty Group's production accounting for over 35% of all domestic output.¹ Hydrogen is used by the Group as a feedstock for its internally-produced ammonia.

¹<https://forsal.pl/biznes/energetyka/artykuly/7999371,polska-produkcja-wodoru-jestesmy-na-trzecim-miejscu-w-europie.html>

Grupa Azoty Police

106,000 y/y

utilisation of green hydrogen from GA Polyolefins

Grupa Azoty Polyolefins

20,000 tonnes/year

Grupa Azoty Kędzierzyn

82,000 tonnes/year

A laboratory for testing alternative fuels, with a special focus on ISO 14687-2-compliant hydrogen, is being developed in Kędzierzyn-Koźle.

Grupa Azoty Puławy

203,000 tonnes/year

Pilot and then full-scale renewable power generation plant.

The project also provides for increased volumes of hydrogen produced by conventional methods and for analytical tools to guarantee the required product quality.

Grupa Azoty S.A. of Tarnowie

40,000 tonnes/year

Since 2021, the Grupa Azoty Group has been a **member of the European Clean Hydrogen Alliance**, a platform for networking with the leading energy sector players through which we can contribute to developing the European hydrogen market. Our aim is to produce green hydrogen through the electrolysis process powered by renewables.

Hydrogen and ammonia produced using renewable energy have the potential to become a fuel of the future for railway transport. Given the size of demand that would be generated by hydrogen-powered rail vehicles, we believe this industry could be a major catalyst of accelerated uptake of hydrogen as a fuel across all transport modes.

In 2022, Grupa Azoty S.A., Grupa Azoty Police, Grupa Azoty Polyolefins and the seaport operator Port Morski Police were among the **signatories of a letter of intent to establish the West Pomeranian Hydrogen Valley**. The companies expressed their intention to forge a partnership aimed at advancing the hydrogen economy, with a particular focus on the Province of Szczecin. The parties agreed they would promote the use of renewable energy sources in the region both in terms of the scale of deployment and the use of surplus energy for the production of green hydrogen. The signatories will strive for hydrogen-supported optimisation of the energy system and creating the best conditions to foster the hydrogen economy in the Province of Szczecin.



Environmental fines and sanctions in 2022

[2-27]

[2-27]

Grupa Azoty S.A.

In 2022, Grupa Azoty S.A. received a decision from the Kraków Provincial Inspectorate for Environmental Protection concerning a new amount of the ongoing fine for exceeding the permitted night-time noise levels identified during an inspection in 2021. The amount of the fine for 2022 was set at PLN 23,462.

Grupa Azoty Police

In 2022, no administrative sanctions were levied against the company for non-compliance with environmental protection laws or regulations.

Grupa Azoty Puławy

An analysis of the results of continuous measurements taken at the on-site CHP plant showed instances of exceeding the permitted emission levels for sulfur dioxide, nitrogen oxides and particulate matter in 2022. As at the date of this integrated report, no decision was issued to impose a fine on the company for excessive emissions in 2022.

Grupa Azoty Kędzierzyn

- No administrative or judicial sanctions were imposed in 2022 against Grupa Azoty Kędzierzyn for non-compliance with environmental protection laws or regulations. Following an inspection by the Provincial Inspectorate for Environmental Protection (WIOŚ) held in November and December 2022, two fines were imposed on specified individuals for a breach of certain terms of the Power Business Unit's integrated pollution prevention and control permit and for failure to comply with the requirement to perform the relevant analysis and amend certain documents, and a caution was received in connection with failure to submit the required notification to WIOŚ in Opole.
- The company received a decision of the Marshal of the Province of Opole postponing the payment of charges in a total amount of PLN 4,240,590, which had been increased for 2021 due to the extended service life of coal-fired boilers, until May 31st 2024. The postponement was granted in view of timely implementation of the project to construct of a peak-load/reserve boiler house with a 100 Mg/h gas-fired steam generator.
- In 2022, Grupa Azoty Kędzierzyn reported a significant extension of the service life of boilers covered by time derogations, but no financial consequences have been incurred to date. In 2022, the company did not pay any penalties for non-compliance with environmental protection regulations, but recognised an increased charge (PLN 2,366,587.00) for the extended service life of boilers covered by time derogations. Its payment was postponed until May 31st 2024 by the decision of the Marshal of the Province of Opole in connection with the 'Construction of a peak-load/reserve boiler house with a 100 Mg/h gas-fired steam generator' project.



CLIMATE AND ENVIRONMENT

Raw materials

[3-3]

Most production materials, goods and services are purchased in Poland and other European Union countries. Some raw materials, including phosphate rock, titanium slag and potassium chloride, are supplied by trading partners from outside the European Union. Ammonia and a portion of sulfur supplies are sourced internally within the Group.

Being aware of the need to reduce feedstock consumption per product unit, we consistently implement solutions designed to enhance efficiency and reduce demand for raw materials at our production plants.

[301-1]

Consumption of raw materials and materials, by weight and volume¹

Strategic raw materials used	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty...

Strategic raw materials used	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty
	2021	2022	2021	2022	2021	2022	2021 (przeszacowane)
Natural gas (m3) ²	207,029,960	219,824,960	996,522,250	805,601,756	433,940,117	296,188,390	375,293,210
Minerals (tonne) ³	169,790	147,370	46,240	43,587	202,965	168,355	90,412
Other energy carriers (tonne) ⁴	209,566	194,500	656,264	547,905	277,102	226,419	211,943
Other strategic raw materials (tonne) ⁵	472,459	412,754	1,008,174	1,095,963	1,443,162	1,129,610	725,330
Petroleum-derived raw materials (tonne) ⁷	87,656	76,066	62,525	44,485	415	442	152,809

SCROLL TABLE

¹ In 2022, renewable resources (wood, paper and cardboard) were also taken into account, but since the respective amount for each company was 0, the item has not been included in the table.

² High-methane and nitrogen-rich natural gas.

³ Liquid sulfur, dolomite rock.

⁴ Hard coal, light fuel oil, fine coal.

⁵ Liquid ammonia, technical grade nitric acid, technical grade sulfuric acid, technical grade methanol, polyethylene, phosphate rock, potassium chloride, ilmenite, slag, oxygen, nitrogen. The volume of consumed oxygen was converted from Nm3 into tonnes assuming that its density under normal conditions is 1.43 kg/m3, while in the case of nitrogen the density (under normal conditions) is 1.25 kg/m3.

⁶ The amount for 2021 was restated. For details, see GRI 2.4.

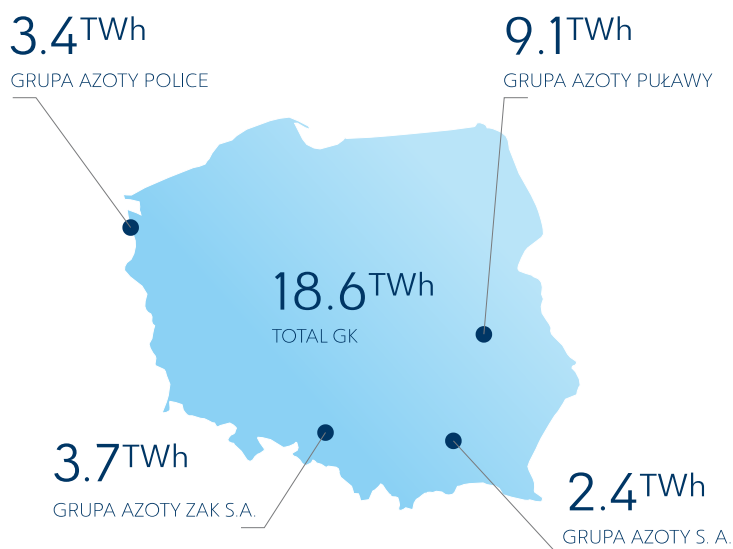
⁷ Phenol, benzene, heavy fuel oil, terephthalic acid, propylene.

Consumption of raw materials and energy:

- strategic raw materials: PLN 6.1 billion (up 36% on 2021),
- natural gas: PLN 10.4 billion (up 125% on 2021),
- other (energy carriers): PLN 1.5 billion (up 21% on 2021).

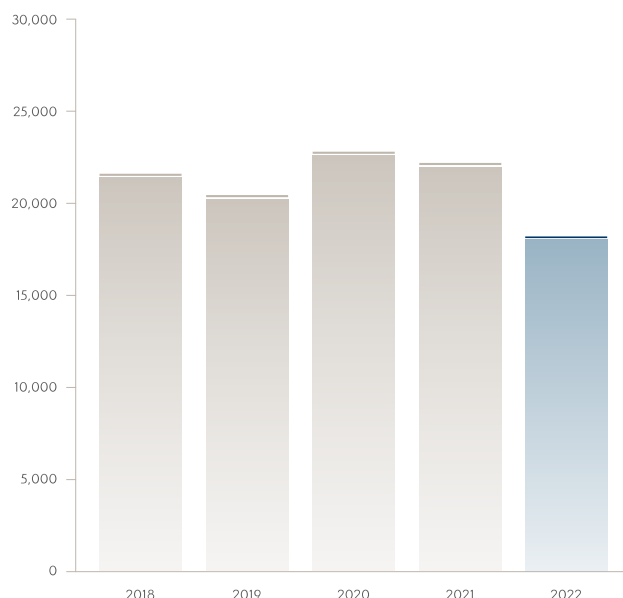
2022 was an exceptional period in our history, marked by record surges in gas prices triggered by the war in Ukraine and curtailed gas supplies from Russia to Europe. The all-time high prices of natural gas led to an unprecedented spike in production costs.

Total gas consumption in 2022



Annual volumes of gas consumption at Grupa Azoty Group

(thousand MWh)



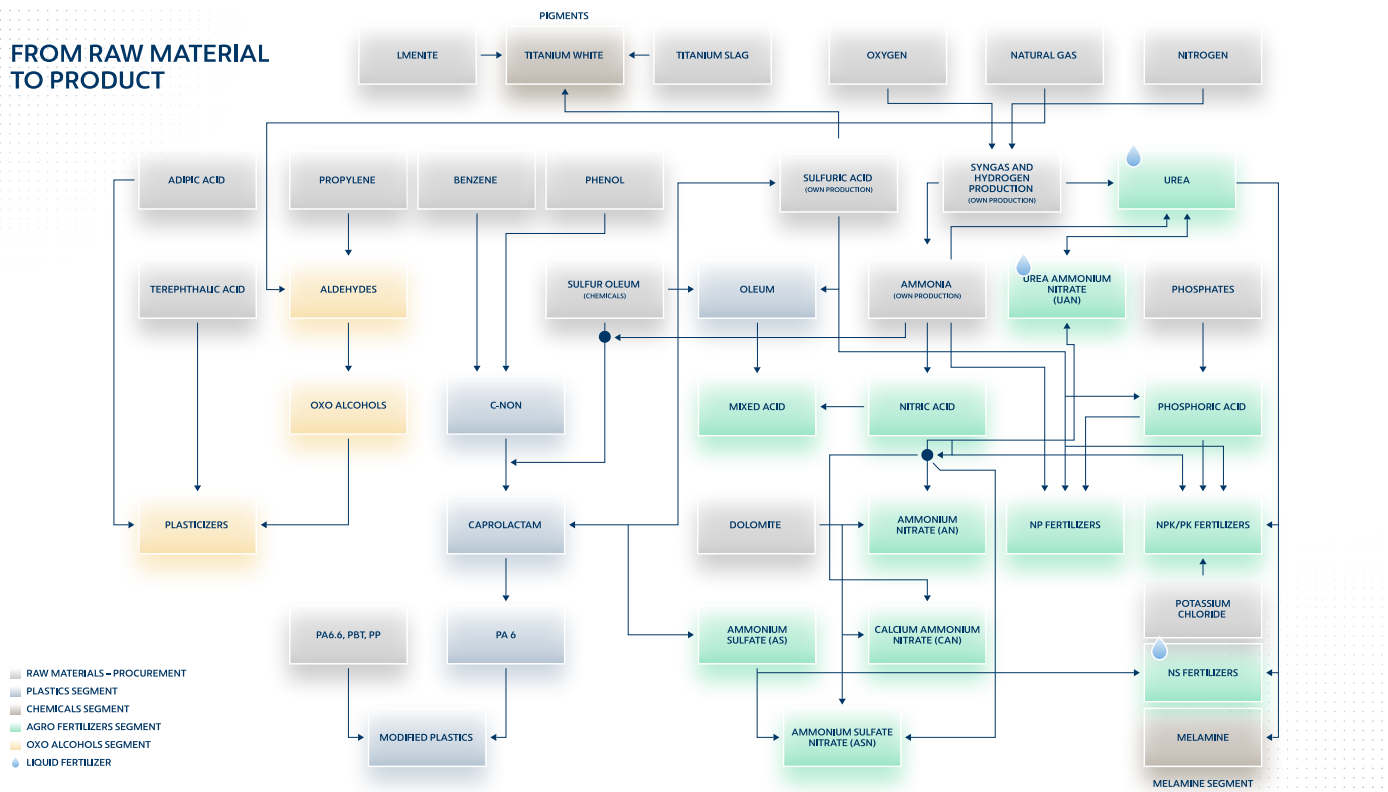
See how we use raw materials

Key raw materials and intermediates, including their intended use:

Company	Raw material	Application
Grupa Azoty S.A.	natural gas	production of ammonia and hydrogen
	dolomite	production of fertilizers
	technical grade nitric acid	production of fertilizers, concentrated nitric acid and mixed acids
	technical grade sulfuric acid	production of fertilizers, caprolactam and mixed acids
	liquid ammonia	production of fertilizers and caprolactam
	phenol	production of caprolactam
	liquid sulfur	production of caprolactam
	fuel oil	generation of heat and electricity
	coal	generation of heat and electricity
Grupa Azoty PUŁAWY	natural gas	production of ammonia, caprolactam and melamine, auxiliary fuel at the CHP plant
	benzene	production of cyclohexanone
	sulfur	production of sulfuric acid

Company	Raw material	Application
	ammonia	production of fertilizers
	nitric acid	production of fertilizers
Grupa Azoty POLICE	potassium chloride	production of fertilizers
	phosphate rock	production of fertilizers
	sulfur	production of fertilizers
	ammonia	production of fertilizers, urea and ammonia water
	phosphoric acid	production of fertilizers
	sulfuric acid	production of fertilizers, titanium white and phosphoric acid
	urea	production of fertilizers and technical grade solutions (NOx and PULNOx)
	ilmenite	production of titanium white
	titanium slag	production of titanium white
	natural gas	production of titanium white, ammonia and fertilizers
	coal	generation of heat and electricity
Grupa Azoty KĘDZIERZYN	natural gas	production of synthesis gas, ammonia and hydrogen
	light and heavy fuel oil	generation of heat and electricity
	hard coal	generation of heat and electricity
	liquid ammonia	production of fertilizers
	propylene	production of OXO alcohols
	terephthalic acid	production of plasticizers (DOTP)
	dolomite	production of fertilizers
	technical grade nitric acid	production of fertilizers

FROM RAW MATERIAL TO PRODUCT





CLIMATE AND ENVIRONMENT

Waste

[3-3] [306-1] [306-2]

We have in place a circular economy and extended producer responsibility monitoring team, which participates in the design and manufacture of strategic products and materials. We also carry out research projects into commercial utilisation of by-products.

There is a programme of selective waste collection, including waste paper, plastics, wood, glass, spent batteries, as well as used electric and electronic equipment. Each waste collection operator we have engaged undertakes to manage or dispose of waste in compliance with the applicable environmental protection regulations. Waste collection and management agreements with third parties include provisions mandating them to provide feedback on how the waste is processed, allowing the Group to monitor that process. We also work with packaging recovery organisations and the Polish Chamber of Commerce to meet the appropriate targets applicable to recovery and recycling of packaging waste, including composite and hazardous materials. The Group companies comply with this obligation.

Waste data is monitored on an ongoing basis through the BDO waste registration system.

Grupa Azoty S.A.

Packaging of Grupa Azoty S.A. products is recycled in collaboration with a packaging recovery organisation and the Polish Chamber of Commerce. Used oils are managed by a specialist operator that regenerates them for reuse. Dry ash generated as waste during production processes is used by third-party companies as a construction material.

Grupa Azoty Puławy

Grupa Azoty Puławy monitors the amount of waste it has generated by keeping quantitative and qualitative records. It has implemented internal procedures to rigorously govern the company's waste management process. Waste is stored selectively in an environmentally safe manner, and is transferred to specialist operators licensed to collect, recover or dispose of waste. The company operates based on an integrated pollution prevention and control permit which specifies, among other things, the type and volume of generated waste, the waste storage sites, as well as the type and volume of waste allowed for recovery or self-disposal.

The company's products are sold in various types of packaging, including paper bags, plastic bags and big-bags. The company keeps a record of packaging it has placed on the market together with its products. It fulfils its domestic obligations under the Act on Packaging and Packaging Waste Management through agreements signed with a packaging recovery organisation and self-regulatory business organisation.

The company's by-products include coal fly ash, as confirmed by a decision of the Marshal of the Province of Lublin.

In the reporting period, the company identified four material waste-related impacts, each concerning waste classified as non-hazardous:

- reduction of the volume of ash and slag mixtures stored by the company by transferring them for commercial use by third-party operators – the volume of waste transferred was 51,091.8 Mg,
- dewatering of sludge from the biological wastewater treatment plant, which can then be transferred to third parties for further use – the volume of sludge dewatered was 4,989.6 Mg,
- recommendations were formulated for the construction of a composting plant to help reduce internally-generated waste by 24,500 Mg,
- recycling of plastic packaging waste – the volume of waste recycled was 5.35 Mg.

Grupa Azoty Police

By-products generated by the company include hydrolytic acid, ash, slag and iron sulfate (II), as confirmed by decisions of the Marshal of the Province of Szczecin. Waste generated during the operation of production units that is not internally utilised is transferred exclusively to licensed third parties under contractual arrangements following assessment of the legal compliance status concerning waste management. The company's operations are carried out in compliance with its integrated pollution prevention and control permit.

In the reporting period, Grupa Azoty Police identified two material waste-related impacts, in both cases defined as actual:

- reduction of hazardous waste generation by 3,068 Mg (own operations),
- recognition of waste as by-products (hydrolytic acid, iron sulfate (II), slag, bottom ash and boiler dust), which means that 3,325.70 Mg of waste can be diverted for further use.

Grupa Azoty Kędzierzyn

The company holds a decision recognising fly ash generated at the fuel combustion unit as a by-product. It actively seeks customers to divert fly ash from disposal and reduces the volume of landfilled waste ash and slag mixtures by transferring them to external customers for commercial use.

Process by-products are used to recover useful components, which reduces waste volumes. Complementary activities include purchase of raw materials in reusable packaging.

Grupa Azoty Kędzierzyn identified one material waste-related impact, i.e. reduction of the amount of waste landfilled at the company's ash and slag mixture landfill site, classified as non-hazardous, by extracting waste from the landfill and transferring it for further processing (recovery). The volume of extracted mixtures was 30,250.7 Mg. Grupa Azoty Kędzierzyn forged collaborations with operators licensed to collect or process ash and slag mixtures.





BEST PRACTICE

Waste management at our companies

- Grupa Azoty Compounding has commenced a project to expand its production and storage facility. The aim is to shred waste to sizes rendering it suitable for reuse.
- Grupa Azoty Police is building infrastructure for the processing and treatment of ferrous sulfate. The new facilities will enable commercial utilisation of the waste, significantly reducing waste storage volumes. The project is scheduled for completion in 2024.
- Grupa Azoty Fosfory collects and recycles ash from incineration of municipal sewage sludge. The ash is used to replace phosphate rock in the production process, reducing the consumption of natural resources.
- Grupa Azoty S.A. is building a unit for drying sludge from the wastewater treatment facility. The project will help reduce the amount of waste generated in the treatment of industrial wastewater, while eliminating odour impacts.

[306-3]

Waste generated by type (Mg)¹

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Non-hazardous	48,159	49,590	86,824	62,895	4,231,367	4,279,631	86,503	63,125
Hazardous	23	84	471	643	13,367	10,298	5,727	4,665
Total	48,182	49,674	87,295	63,538	4,244,734	4,289,930	92,230	67,790

SCROLL TABLE

¹ The difference between the weight of waste generated and that transferred for recovery and/or disposal arises because some of the waste is recognised based on the volume in stock after the end of a year and is gradually processed in subsequent years (in accordance with the permitted storage time regulations).

The data on waste generated was collected based on records kept in the BDO system by direct waste producers at the Grupa Azoty Group.

Hazardous waste diverted from disposal, by recovery method and waste handling location (Mg)²

		Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Waste handling location	Waste recovery method	2021	2022	2021	2022	2021	2022	2021	2022
On-site	Other recovery methods	0	0	0	0	1,274	599	0	0
	Directed to reuse	0	0	0	0	0	0	0	0
	Directed to processing (recycling)	0	0	0	0	0	0	0	0
Off-site	Other recovery methods	0.842	63	390	370	0.34	0	13	1
	Directed to reuse	0	0	0	0	0	0	2,066	1,311
	Directed to processing (recycling)	0	0	0	0	0	0	0	155
Total		0.842	63	390	370	1,274	599	2,078	1,466

SCROLL TABLE

² The data on waste diverted for recovery was collected based on records kept in the BDO system.

Non-hazardous waste diverted from disposal, by recovery method and waste handling location (Mg)

		Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Waste handling location	Waste recovery method	2021	2022	2021	2022	2021	2022	2021	2022

		Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
On-site	Other recovery methods	0	0	142	5	332,963	350,750	0	0
	Directed to reuse	0	0	0	0	0	0	0	0
	Directed to processing (recycling)	0	0	0	0	0	0	0	0
Off-site	Other recovery methods	18,979	23,408	65,1133	58,618	105,013	100,119	523	38
	Directed to reuse	22,685	26,433	0	0	0	0	74,595	4,3
	Directed to processing (recycling)	537	470	0	0	0	0	1,510	58,9
Total		42,201	50,311	65,255	58,623	437,976	450,869	76,628	63,2

SCROLL TABLE

³ Grupa Azoty Puławy receives relevant waste management information (whether on a recovery (R) or disposal (D) process) from third parties. Therefore, this value relates to the total volume of all waste diverted for recovery, including recycling.

Hazardous waste diverted from disposal (Mg)⁴

Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
63	370	599	1,466	2,498

⁴ Grupa Azoty S.A.: Waste codes: 16 08 02, 16 06 01; Grupa Azoty Puławy: Waste codes: 07 01 08, 13 02 05, 15 01 10, 15 02 02, 16 02 11, 16 02 13, 16 02 09 do 16 02 12, 16 07 08, 16 08 02, 19 08 10, 19 08 09; Grupa Azoty Police: Waste codes: 06 01 06, 16 08 02; Grupa Azoty Kędzierzyn: Waste codes: 07 01 08, 15 01 10, 16 02 11, 16 02 13, 16 05 04, 16 05 06, 16 06 01, 16 08 02, 17 04 10.

Non-hazardous waste diverted from disposal (Mg)⁵

Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
46,978	58,623	346,676	63,284	515,561

⁵ Grupa Azoty S.A.: Waste codes: 10 01 02, 10 01 15, 10 01 14, 19 08 12, 19 08 14; Grupa Azoty Puławy: Waste codes: 06 10 99, 10 01 80, 10 01 81, 15 01 01, 15 01 02, 15 01 02, 15 01 03, 15 01 04, 15 02 03, 15 02 02, 16 02 14, 16 02 09 do 16 02 13, 16 03 04, 16 03 03, 16 03 80, 16 08 01, 16 08 03, 16 08 02, 17 02 01, 17 04 02, 17 04 05, 19 08 01, 19 08 12, 19 08 11, 19 12 01; Grupa Azoty Police: Waste codes: 06 03 14, 06 05 03, 06 11 83, 17 01 07, 17 05 04; Grupa Azoty Kędzierzyn: Waste codes: 10 01 01, 10 01 02, 10 01 80, 10 01 82, 15 01 01, 15 01 02, 15 01 03, 15 02 03, 16 02 14, 16 02 16, 16 06 04, 16 08 01, 16 08 03, 16 80 01, 17 01 03, 17 02 01, 17 02 03, 17 04 01, 17 04 02, 17 04 05, 17 04 07, 17 04 11, 20 01 01, 20 01 02, 20 01 39, 20 01 40, 20 03 07

Hazardous and non-hazardous waste directed to disposal, by disposal method and waste handling location (Mg)⁶

		Grupa Azoty S.A.				Grupa Azoty PUŁAWY				Grupa Azoty POLICE	
Waste handling location	Disposal method	Hazardous waste		Non-hazardous waste		Hazardous waste		Non-hazardous waste		Hazardous waste	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
On-site	Other waste disposal methods	0	0	0	0	0	0	22,518	10,666	12,044	9,699
	Landfilling	0	0	0	0	0	0	0	0	0	0
Off-site	Other waste storage methods	0	19	0	18	39	173	10	6	0.622	0
	Landfilling	0	0	5,793	0	0	0	0	0	0	0
	Incineration without energy recovery	22	0	1	0	0	0	0	0	0	0
	Incineration with energy recovery	0	0	0	0	0	0	0	0	0	488
Total		22	19	5,794	18	39	173	22,528	10,672	12,045	10,187

SCROLL TABLE

⁶ The data on waste directed to disposal was collected based on records kept in the BDO system.

Hazardous waste directed to disposal (Mg)⁷

Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
19	173	9,699	3,231	13,122

⁷ Grupa Azoty S.A.: Waste codes: 15 01 10, 16 07 09, 16 05 06, 16 05 08; Grupa Azoty Puławy: Waste codes: 08 01 11, 09 01 01, 16 03 03, 16 08 02, 16 05 08, 17 06 01, 16 05 08; Grupa Azoty Police: Waste code: 06 01 01; Grupa Azoty Kędzierzyn: Waste codes: 06 13 02, 07 01 10, 15 02 02, 16 05 07, 16 05 08, 16 07 09, 19 08 11, 19 08 13.

Non-hazardous waste directed to disposal (Mg)⁸

Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total
18	10,672	3,887,847	656	3,899,175

⁸ Grupa Azoty S.A.: Waste codes: 5 02 03, 15 02 02, 16 02 16, 15 01 06; Grupa Azoty Puławy: Waste codes: 17 01 03, 17 01 03, 19 09 03; Grupa Azoty Police: Waste codes: 06 03 14, 06 09 81, 06 11 83, 06 11 99, 17 01 07, 07 01 80, 16 07 99, 19 09 06; Grupa Azoty Kędzierzyn: Waste codes: 19 08 01, 19 08 02, 19 09 01, 20 03 01.

[301-3]

Percentage of reclaimed products and their packaging materials (by type of material) (%)

	Grupa Azoty KĘDZIERZYN		Grupa Azoty POLICE		Grupa Azoty PUŁAWY		Grupa Azoty S.A.	
	2020	2021	2020	2021	2020	2021	2020	2021
Wood	16	19	16	19	16	19	16	19
Paper and cardboard	61	66	61	66	59.8	66	61	66
Packaging that held hazardous substances ¹⁰	53	36	53.2	36	53.2	36.20	0	0
Steel and sheet steel	51	55	51	55	51	0	51	55
Plastic	23.5	30	23.5	30	23.5	30	23.5	30
Composite packaging	43.8	47	0	0	0	0	0	0

⁹ The percentage was determined pursuant to Art. 20.2 of the Act on Packaging and Packaging Waste Management. The level of packaging waste recycling in a calendar year is expressed as a percentage equal to the quotient of the weight of packaging waste recycled in that year and the weight of packaging placed on the market in the previous calendar year. The data was collected based on information from the recovery organisations engaged by the Grupa Azoty Group and from reports prepared for the BDO system.

¹⁰ As of January 1st 2022, following amendments to the Waste Act enacted on November 17th 2021, companies are no longer required to report the volume of waste diverted for recovery. The presented data pertains only to recycling, which accounts for the decrease in the percentage compared with 2021.



CLIMATE AND ENVIRONMENT

Energy

[3-3] We streamline processes, introduce advanced, energy-efficient technologies and promote cost-saving initiatives.

[302-4] Total savings from reduced energy consumption and improved energy efficiency (GJ)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYŃ	
	2021	2022	2021	2022	2021	2022	2021	2022
Total savings from reduced energy consumption and	12,834	12,014	88,300	120,000	32,000	4,317	9,782	32,000

SCROLL TABLE

Lowering the use of energy helps save money. In 2021 alone, the solutions implemented at Grupa Azoty S.A. translated into savings of more than PLN 2.3 million. In 2022, cost savings achieved through reduced energy consumption and improved energy efficiency rose by over PLN 850 thousand year on year. Savings achieved in 2022 by Grupa Azoty Kędzierzyn exceeded PLN 360 thousand.



See our energy saving initiatives

[302-4]

[302-4]¹

Grupa Azoty S.A.

- Construction of a 4.0 MPa pass-out back-pressure turbine generator set for Grupa Azoty S.A.'s CHP plant, powered by overheated steam with a pressure of approximately 4.0 Mpa, i.e. waste energy from sulfuric and nitric acid production. Energy consumption reduced by 9,590.51 GJ.
- Optimisation of the prilling towers operation. Energy consumption reduced by 2,423.11 GJ.

Grupa Azoty Puławy

- Replacement of turbine generator set No. 1 at the company's CHP plant: a new 34 MW pass-out condensing turbine replaced the old, worn-out turbine, increasing the CHP plant's efficiency and availability. Energy consumption reduced by 120,000 GJ compared with the base year 2021.

Grupa Azoty Kędzierzyn

- Upgrade and replacement of thermal insulation of heating pipelines, tanks and industrial fittings. Energy consumption reduced by 3,452.37 GJ relative to the base year 2021.
- Upgrades of thermal insulation of propylene carbonate pump piping, Halberg pump piping as well as steam collectors and pipelines. Energy consumption reduced by 4,903 GJ compared with the base year 2021.
- Replacement of steam compressors, compressing gaseous ammonia, with electric units. Energy consumption reduced by 23,742.22 GJ relative to the base year 2018.

Grupa Azoty Police

- Changing the method of control of thrust fans. Energy consumption reduced by 4,316.55 GJ relative to the rated power of the fans (13,536 GJ).

Other Group companies

- Grupa Azoty Fosfory upgraded its compressed air system, which reduced energy consumption by 3,365 GJ.
- Grupa Azoty Koltar replaced traditional lighting in workshop rooms and outside the plant with LED alternatives. Two railway control rooms were temporarily closed down to reduce energy consumption. The building heating controls were also improved. These measures helped save 2,074 GJ of energy.
- Energy efficiency measures undertaken by Grupa Azoty Prorem included renovation of the grinding room, overhauls of electric tools and welders, and building lighting upgrades. They generated total energy savings of 1,703 GJ.

¹ Data on the reduction of electricity consumption was determined based on the readings of electricity meters and energy audits.

[302-1]

Total energy consumption within the organisation from non-renewable and renewable sources²

Total amount of non-renewable fuels consumed within the organisation to generate electricity (GJ)

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Category of energy carrier ³	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021 (restated)	2022	2021 (restated)	2022	2021 (restated)	2022	2021 (restated)	2022
Steam heat	0	310,284	0	0	0	0	0	0
Natural gas and high-methane natural gas	0	533,532	35,290	23,397	1,217,289	919,417	0	0
MEAK	0	0	522,568	327,427	0	0	0	0
Mazut	0	0	0	0	16,754	17,857	0	0
Fine coal and thermal coal	4,844,971	4,225,468	14,303,381	11,675,318	6,643,790	5,314,563	4,379,725	3,542,6
Fuel oil	30,326	17,115	0	0	25,666	33,596	7,090	5,45
Coke gas	0	0	0	0	0	0	0	530,2
Total	4,875,297	5,086,399	14,861,539	12,026,142	7,903,499	6,285,433	4,386,815	4,078,6

SCROLL TABLE

² Only fuels used for energy production were taken into account to calculate the indicator. Feedstocks used for chemical syntheses (including some of the natural gas used for the purpose) were disregarded. The data was compiled based on guidelines set out in the Fuel and Energy Consumption Report prepared for Statistics Poland (GUS). The conversion factors used included those defined by Statistics Poland (GUS) and our own conversion factors determined by means of laboratory methods.

For detailed information on the restatements of comparative data, see GRI 2.4.

³ In 2022, total consumption of renewable fuels (biomass, biofuels) was also taken into account, but no such fuels were used by any of the companies. This means that all categories of fuels used to generate electricity were derived from non-renewable sources.

Energy from non-renewable sources within the organisation (GJ)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Electricity, heat, cooling and steam purchased for consumption (GJ)	1,115,374	890,473	4,287,560	3,884,662	1,721,856	1,725,781	2,537,974	2,638
Electricity, heat, cooling and steam sold by the organisation (GJ)	527,263	587,566	1,536,008	1,952,548	555,036	659,524	1,784,016	2,021

SCROLL TABLE

Total energy consumption within the organisation (GJ)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN ⁴	
	2021	2022	2021	2022	2021	2022	2021	2022
Total energy consumption within the organisation (GJ)	5,463,408	5,389,306	17,613,091	13,958,256	9,070,319	7,351,690	5,140,773	4,696,000

SCROLL TABLE

⁴ Total energy consumption at Grupa Azoty Kędzierzyn includes 1,472 GJ produced by the company's solar PV system.

[302-3]

Energy intensity ratio⁵ (%)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Year	2021	2022	2021	2022	2021	2022	2021	2022
Total	49.13	48.52	50.81	47.77	33.23	32.36	30.86	24.86
$\Delta 2022/2021^6$	-1%		-6%		2,62%		-22%	

SCROLL TABLE

⁵ Pursuant to the Regulation of the Minister of Climate on the method of calculating the electricity intensity ratio by industrial consumers, the ratio is defined as the cost of electricity used for own needs to gross value added, calculated as the arithmetic mean from the last three years preceding the year in which the obligation is performed. For the sake of consistency, a decision was made to use in the ratio's denominator (the average GVA from the last three years) the amount used in the calculation audited by a qualified auditor, where in the last year (in this case 2022) actual figures for ten months and estimates of revenue and expenses (integral to the calculation of GVA) for November and December are used.

⁶ At Grupa Azoty Police, the increase in the ratio was attributable to higher energy prices. The decrease in the ratio at Grupa Azoty Kędzierzyn was due to a significant year-on-year increase in GVA.



CLIMATE AND ENVIRONMENT

Emissions

[3-3]

The use of wet scrubbers, cyclones, multicyclones and electrostatic precipitators helps reduce particulate matter emissions. Gaseous pollutant emissions are brought down with the use of absorbers and thermal reducers, as well as denitrification and desulfurisation units.

Grupa Azoty S.A.

Air quality is constantly monitored by the company at five points located in Tarnów. Their location was chosen to cover the widest possible area that may potentially be impacted by particulate matter and gaseous emissions from the plant. Pollutants released into the air are measured in accordance with the relevant legal and administrative requirements. As the company's CHP plant and chemical installations have participated in the emissions trading scheme since 2005 and 2013, respectively, the company has its annual reports verified, obtaining allowances on an annual basis.

Grupa Azoty Puławy

The largest sources of gaseous emissions at the company are the CHP plant as well as the ammonia and nitric acid manufacturing facilities, while the ammonium nitrate unit is the main source of particulate matter emissions.

Grupa Azoty Police

The company conducts continuous and periodic measurements of particulate matter and gaseous emissions into the air, uses equipment designed to reduce emissions and complies with the relevant reporting obligations. It also verifies its emissions data and checks it for compliance with the legal requirements.

Grupa Azoty Kędzierzyn

The company conducts continuous and periodic measurements of particulate matter and gaseous emissions into the air, uses equipment designed to reduce these emissions and complies with the relevant reporting obligations.

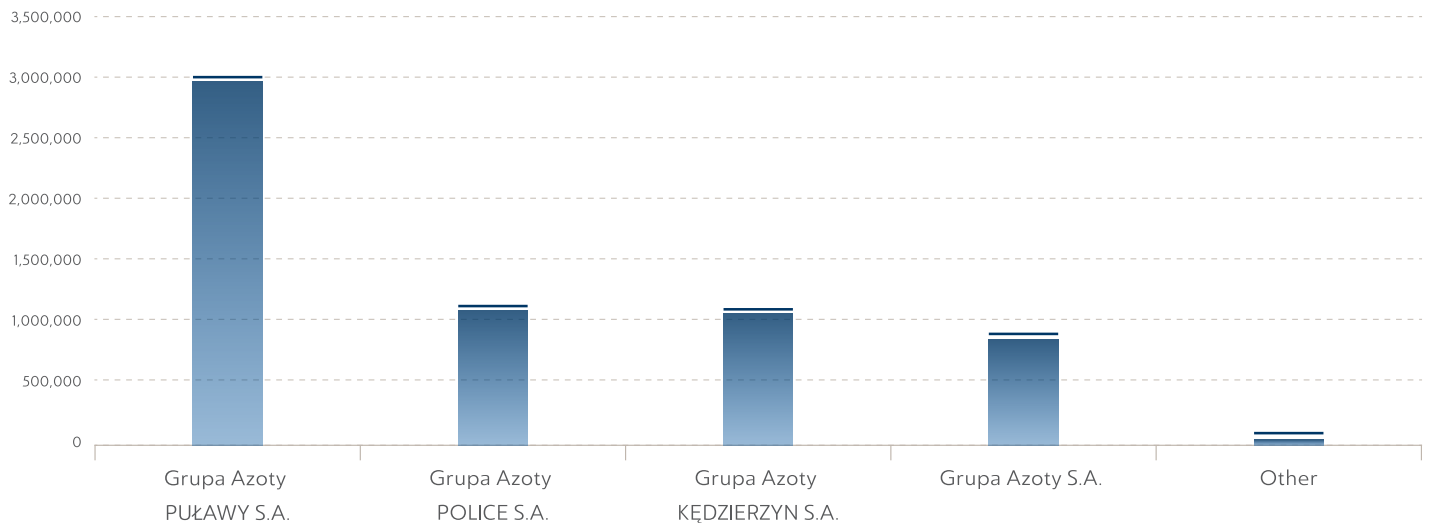
[305-1]

Total direct greenhouse gas (GHG) emissions and volume expressed as CO₂ equivalent (tonne) (Scope 1) for the entire Grupa Azoty Group were 6.204 million tonnes of CO₂e. The four key Group companies account for 98% of Scope 1 emissions: 6.099 million tonnes of CO₂e.

Total direct (Scope 1) GHG emissions (tCO₂e)

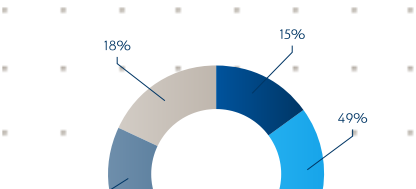
Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
896,854	2,988,005	1,127,120	1,086,806

Scope 1 GHG emissions (tCO₂e)



Calculation methodology

- The 2022 emissions were calculated using the GHG Protocol. Scope 1 includes: CO₂, CH₄, N₂O, and HFC, PFC as Rxxx agents present in refrigeration mixtures. There were no SF₆ and NF₃ emissions. Base year = calculation year – 2022.
- The Group’s biocarbon emissions (wood pellet fuel): 45.1 tonnes of CO₂e.
- Global warming potential: according to AR6.
- An integrated approach was applied – ownership interest with corporate supervision.
- Emissions associated with energy imports were determined based on data published by energy suppliers or the most recent report issued by the National Centre for Emissions Balancing and Management (KOBIZE).





The Group is strongly committed to mitigating climate impacts. Its largest companies participate in the EU ETS and have in place professional monitoring based on balances and measurements. As the scheme does not cover GHG emissions other than carbon dioxide and nitrous oxide, but only from the production of nitric acid, the Group decided to measure emissions of all greenhouse gases based on the GHG Protocol and express them in tonnes of carbon dioxide equivalent. The analyses covered both Scope 1 (direct) and Scope 2 (indirect) emissions.

Emissions from installations covered by the EU ETS (tCO₂e)

	Greenhouse gas category	2018	2019	2020	2021	2022	Change 2021/2020
Grupa Azoty S.A.	Carbon dioxide	971,748	955,953	928,640	855,825	828,513	-3.29%
	Nitrous oxide	119,626	55,927	20,618	54,192	20,867	-61.59%
Grupa Azoty PUŁAWY	Carbon dioxide	3,313,366	3,358,454	3,211,085	3,418,516	2,777,225	-18.85%
	Nitrous oxide	197,858	211,111	196,206	236,320	181,766	-23.11%
Grupa Azoty POLICE	Carbon dioxide	1,450,644	1,204,708	1,701,274	1,535,939	1,121,361	-27.07%
	Nitrous oxide	0	0	0	0	0	-
Grupa Azoty KĘDZIERZYN	Carbon dioxide	1,163,313	1,099,624	1,075,602	1,180,845	933,479	-8.89%
	Nitrous oxide	116,857	103,923	89,557	143,100	143,793	+0.5%
Total	Carbon dioxide	6,899,071	6,618,739	6,916,601	6,991,125	5,842,344	-19.15%
	Nitrous oxide	434,341	370,961	306,381	433,612	346,426	-20.11%

SCROLL TABLE

The year-on-year drop in both carbon dioxide and nitrous oxide emissions at the Grupa Azoty Group companies in 2022 resulted from the shutdown of production units due to the soaring gas prices.

[305-2]

The Group's total indirect (Scope 2) greenhouse gas emissions (based on GHG Protocol) were 1.684 million tonnes of CO₂e. The four key Group companies account for almost 77% of all Scope 2 emissions: 1.037 million tonnes of CO₂e.¹

Scope 2 emissions

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	Market Based	Location Based
Grupa Azoty S.A.	129,947	134,275
Grupa Azoty PUŁAWY	494,970	520,189
Grupa Azoty POLICE	214,772	192,731
Grupa Azoty KĘDZIERZYN	197,978	205,810
Total	1,037,667	1,053,005

¹ The amounts include emissions from the consumption of purchased thermal energy (steam, cooling, domestic hot water, other carriers).

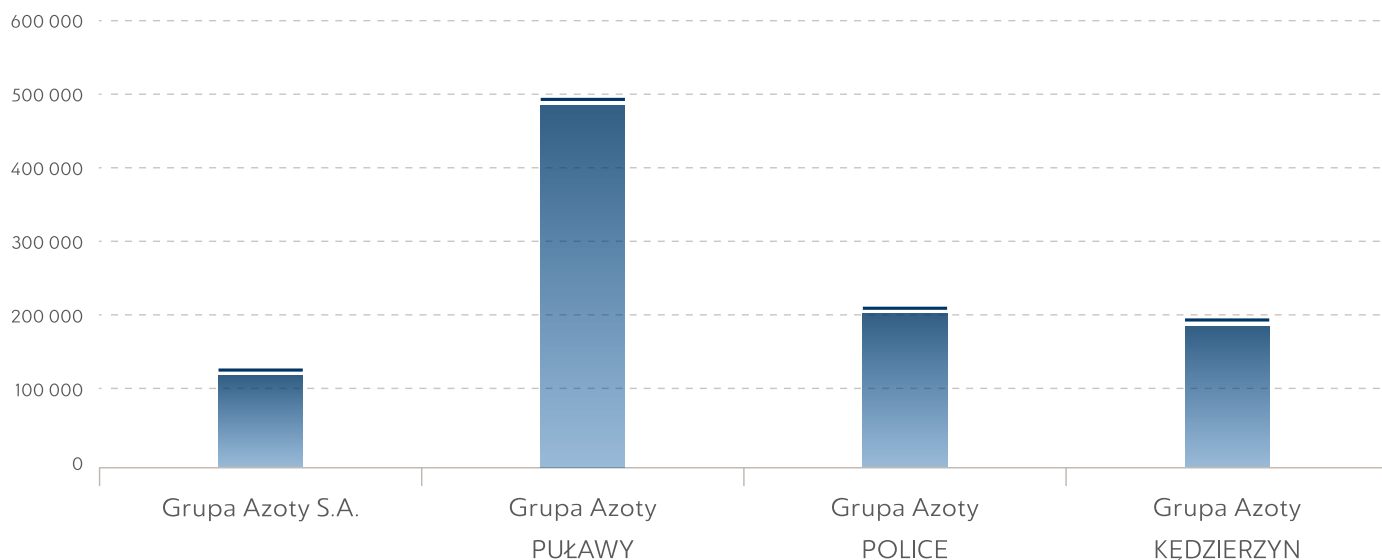
Scopes 1 and 2 emissions

	2021			2022		
	Scope 1	Scope 2 (restated) ²	Scope 1+2	Scope 1	Scope 2	Scope 1+2
Grupa Azoty S.A.	910,016	150,007	1,060,023	896,854	129,947	1,026,801
Grupa Azoty PUŁAWY	3,654,836	661,885	4,316,721	2,988,005	494,970	3,482,975
Grupa Azoty POLICE	1,535,939	253,473	1,789,412	1,133,351	214,772	1,348,123
Grupa Azoty KĘDZIERZYN	1,323,945	230,129	1,554,074	1,169,221	197,978	1,367,199
Total	7,424,736	1,295,494	8,720,230	6,187,431	1,037,667	7,225,098

SCROLL TABLE

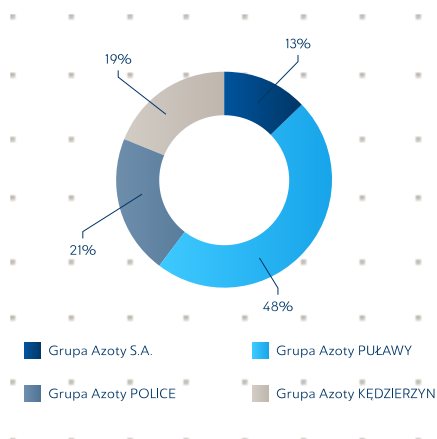
² For detailed information on the restatements, see GRI 2-4.

Scope 2 GHG emissions (tCO₂e)



Calculation methodology

- The calculation takes into account CO₂ from the combustion of purchased fuels for the generation of imported energy. Base year = calculation year – 2022.
- Global warming potential: according to AR6.
- An integrated approach was applied – ownership interest with corporate supervision.



[305-4]

GHG emissions intensity

CO₂ and N₂O emissions against the ETS benchmark and BAT recommendations (tonne)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Intensity of CO ₂ emissions from the ammonia production unit (t CO ₂ /t NH ₃)	1.80	1.77	1.71	1.74	1.84	1.85	1.71	1.5

SCROLL TABLE

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Intensity of N ₂ O emissions from the nitric acid production unit (kg N ₂ O/t HNO ₃)	0.20	0.26	0.98	0.99	Nd	Nd	1.00 ³	1.11

³ Grupa Azoty Kędzierzyn operates state-of-the art nitric acid production units – their N₂O emissions are below the benchmark and meet the BAT requirements. In 2021, the acid production units experienced frequent failures, which led to a significant increase in N₂O emissions relative to previous years.

GHG emissions intensity ratio (Scopes 1 and 2)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Unit	tCO₂e / PLN '000⁴		tCO₂e / Mg⁵		tCO₂e / PLN '000		tCO₂e / PLN '000	
GHG intensity ratio	0.69		1.36		1.73		1.33	

[305-5]

Reduction of GHG emissions (tCO₂e)

	2021	2021 (restated)	2022
Grupa Azoty S.A.	35,309	37,925 ⁶	35,060 ⁷
Grupa Azoty PUŁAWY	0	0	3,705 ⁸
Grupa Azoty POLICE	0	0	546.5 ⁹
Grupa Azoty KĘDZIERZYN	9,556 ¹¹	0	31,248 ¹²
Total	44,865	37,925	70,559.5

⁶ Grupa Azoty Kędzierzyn operates state-of-the art nitric acid production units – their N₂O emissions are below the benchmark and meet the BAT requirements. In 2021, the acid production units experienced frequent failures, which led to a significant increase in N₂O emissions relative to previous years.

⁷ When calculating the ratio for Grupa Azoty S.A., Grupa Azoty Police and Grupa Azoty Kędzierzyn, GVA (unit gross value added) was used as the denominator, with the average GVA from the last three years in the case of Grupa Azoty S.A., and the average GVA for 2022 in the case of Grupa Azoty Police and Grupa Azoty Kędzierzyn.

⁸ When calculating the ratio for Grupa Azoty Puławy, the sum of production volumes for all ETS-reported products was used as the denominator.

⁹ The value refers to 2019.

¹⁰ The value refers to 2019. The company changed suppliers of catalytic gauzes and had catalyst baskets replaced in mid-2019. In 2022, emissions were reduced by 35,060 tCO₂.

¹¹ The value refers to 2019, includes N₂O.

¹² In 2022, Grupa Azoty Kędzierzyn took four initiatives to reduce greenhouse gas emissions. The figure in the table represents their sum: initiatives 1 and 2 – 327.32 tCO₂ and 464.9 tCO₂, respectively, refer to 2021 (Scope 1, includes CO₂), initiative 3 – 2,251 tCO₂, refers to 2018 (Scope 1, includes CO₂), and initiative 4 – 28,205 tCO₂, refers to 2022 (Scope 1, includes N₂O, emissions in the base year represent projected emissions from the units in a scenario without the catalyst replacement).



Grupa Azoty S.A.

- In late 2018 catalyst baskets were sealed at the dual-pressure nitric acid unit, which helped reduce nitrous oxide emissions by over ten percent. Emissions reduction: 35,060 tCO₂.

Grupa Azoty Puławy

- Replacement of catalyst baskets on the first line of the nitric acid unit. Emissions reduction: 3,705 tCO₂.

Grupa Azoty Police

- Replacement of fluorescent light fixtures with less energy-intensive alternatives. Total emissions reduction: 4.8 tCO₂.
- Reduction of heat losses associated with steam transmission. Emissions reduction: 546.5 tCO₂.

Grupa Azoty Kędzierzyn

- Upgrade and replacement of thermal insulation of heating pipelines, tanks and industrial fittings. Emissions reduction: 327.32 tCO₂.
- Upgrades of thermal insulation of propylene carbonate pump piping, Halberg pump piping as well as steam collectors and pipelines. Emissions reduction: 464.9 tCO₂.
- Replacement of steam compressors, compressing gaseous ammonia, with electric units. Emissions reduction: 2,251 tCO₂.
- Launch of a new campaign in the TKV nitric acid unit – new catalysts. Emissions reduction: 28,205 tCO₂.

[305-7]

Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions, by type of substance (tonne)

	Grupa Azoty S.A. ¹³		Grupa Azoty PUŁAWY ¹⁴		Grupa Azoty POLICE ¹⁵		Grupa Azoty KĘDZIERZYN ¹⁶	
	2021	2022	2021 (restated)	2022	2021	2022	2021	2022
Ammonia (NH ₃)	216	258	948.8	710	381	288	265	234
Sulfur dioxide (SO ₂)	537	334	1,029	698	1,482	1,636	811	650
Carbon dioxide (CO ₂)	893,054	860,839	3,418,516 ¹⁷	2,788,474	1,528,069	1,126,481	870,975	747,777
Sulfuric acid (H ₂ SO ₄)	71	83	0	0	52	64	0	0
Volatile organic compounds (VOC)	0	4	43	29	4	4	37	34
Methane (CH ₄)	9	58	8	10	0	0	161	149
NO ₂	4,580	3,920	2,436	1,903	780	642	753	610

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Nitrous oxide (N ₂ O)	199	235	796	686	0	0	539	54
Melamine dust	0	0	7	4	0	0	0	0
Urea dust	0	0	26	22	54	40	63	20
Ammonium nitrate dust	0	0	292	179	0	0	97	108
Ammonium sulfate dust	3	2	8	8	2	1	0	0
Particulate matter	106	133	0	0	0	252	151	132
Particulate matter from fuel combustion	19.6	7	107	55	13	10	61	37
Carbon monoxide (CO)	36	91	163	324	185	120	274	171
Aliphatic hydrocarbons	0	0	22	23	0	0	14	14
Fluorine compounds	0	1	0.254	4	4	3	9	1
Other	8 ¹⁸	64	72 ¹⁹	101	0	55	364 ²⁰	43

SCROLL TABLE

¹³ The data is sourced from production units; Emissions size is determined by measuring emissions (concentrations, flow); concentration measurements, while the flow is calculated, and using emission ratios determined based on the design or own estimates.

¹⁴ The data is sourced from process units; The main source of air pollutant emissions from Grupa Azoty Puławy S.A. is the company's CHP plant. A continuous emissions monitoring system has been installed on the emitter of the on-site CHP plant. Emissions from the other production plants are monitored in line with the integrated pollution prevention and control permit based on continuous measurements, periodic measurements and calculations. For detailed information on the restatements of information, see GRI 2.4.

¹⁵ The data is sourced from production facilities; Direct emissions measurements, monthly reports on the continuous emissions monitoring and reports on periodic measurements taken from emitters.

¹⁶ The data is sourced from production units, fuel combustion units, landfill site, wastewater treatment facilities; Emissions measurement standards and methodologies comply with the current legal requirements. The continuous emissions measurement system is supervised in accordance with the applicable requirements. Periodic measurements are performed by the company's Environmental and Energy Research Laboratory (quality management system certificate) or by third-party accredited research laboratories. The projected balance of emissions is based on the design documentation for individual units.

¹⁷ In 2021, the amount of CO₂ emissions was based on calculations and measurements taken directly from the installations, an approach differing from the one prescribed under the EU-ETS. In order to maintain data comparability with respect to this disclosure, the amount disclosed for the company under 305-2 was taken into account.

¹⁸ Cyclohexanol, cyclohexanone, sulfur trioxide, formaldehyde and other.

¹⁹ Sulfur trioxide, hydrogen cyanide, benzene, aromatic hydrocarbons, hydrated lime dust, fertilizer dust, chlorine, mercury, nickel, chromium, lead, zinc, copper, cadmium, arsenic, hydrofluorocarbons.

²⁰ Alcohols and aliphatic aldehydes, hydrogen chloride.





BEST PRACTICE

Grupa Azoty Kędzierzyn's Steam Policy

For a number of years, Grupa Azoty Kędzierzyn has implemented an initiative designated as Steam Policy. In 2022, projects undertaken within its framework included:

- upgrade (completed) of the catalytic high-pressure partial combustion unit for natural gas, with upgrade of the E-102 boiler and E-117 superheater to adapt them to the new technological conditions,
- extension (completed) of the ammonia liquefaction unit and upgrade of the ammonia compression unit at the Ammonia Department Cooling Centre,
- construction of a peak-load/reserve boiler house with a 100 Mg/h steam generator.

The purpose of all these projects is to reduce the Ammonia Department's process steam requirement and to partly replace coal with fuel gas in steam production.



See our position on CO₂ emission allowances

In 2022, the market of CO₂ emission allowances was highly volatile. The prices of allowances remained under the significant influence of two opposing factors: concerns over an imminent recession in Europe and the ongoing correction on the commodity markets exerted a downward pressure, while the current and anticipated increase in 2023 of coal-based electricity production relative to electricity produced by burning gas was driving up the prices.

Based on the Group's joint model for managing CO₂ emission allowances, our companies captured the opportunity created by the downward price correction in the first half of 2022 to purchase allowances securing a significant part of the required EUA volumes for 2023. The companies also secured all the EUAs required for 2022, which had been purchased earlier and paid for much less than the current market prices.

At the end of 2022, we held emission allowances for 5,685,103 tCO₂, compared with 5,277,013 held at the end of 2021.

Our position on CO₂ emission allowances remains unchanged. We believe the green transition can only be successfully achieved if both EU and non-EU producers can compete on a level playing field in terms of climate policy costs. If the European Commission's carbon border adjustment mechanism (CBAM) is to bring the desired effects, it is necessary to maintain free emission allowances.²¹ Otherwise, the position of non-EU businesses that do not observe equally high environmental and climate protection standards will be strengthened. The objective of CBAM is to put a carbon price on goods imported from outside the European Union based on carbon emissions associated with their production. However, the effectiveness of the proposed mechanism remains doubtful. Non-EU exporters would only pay a carbon price under CBAM for their exports into the EU, while their output sold on other markets would not be subject to any climate charges. Therefore, it is critical to maintain free allocation of allowances to EU manufacturers, with a support scheme for investments in renewable energy. Without countervailing

mechanisms, consumers will continue to prefer more carbon-intensive goods imported from third countries that have not implemented climate protection policies. As a result, contrary to the EU's intentions, global emissions will go up.

²¹ <https://grupaazoty.com/aktualnosci/grupa-azoty-apeluje-o-rowne-warunki-konkurowania-producentow-unijnych-i-pozaunijnych-w-odniesieniu-do-kosztow-polityki-klimatycznej>



CLIMATE AND ENVIRONMENT

Water

[303-1]

The Group conducts sustainable water and wastewater management, uses water resources in a responsible manner and applies appropriate water treatment practices. We do not operate in water stress areas. However, some of the Group companies abstract small amounts of water from areas at risk of drought/water stress areas.

Grupa Azoty S.A.

The company abstracts surface water and groundwater, which is then treated and used in production and for hygienic and sanitary purposes. The related environmental impacts are monitored in accordance with the Water Law and the relevant decisions/permits.

Grupa Azoty Puławy

The area in which the company operates lies within the Vistula River catchment. Surface water for the plant is withdrawn from water intake points on the Vistula and Kurówka Rivers. Deep water is abstracted from Quaternary water-bearing formations using 21 wells. The company produces the following types of water:

- decarbonised water to be supplied to cooling circuits,
- demineralised water for the CHP plant and production units (from the Kurówka River and deep water),

- drinking water (from deep water).

The company complies with the permitted water abstraction limits and ensures that the quantity and quality of the wastewater discharged meet the parameters specified in its integrated pollution prevention and control permit. These quantities are determined based on the readings of the metering devices. The company reports the volumes of groundwater and surface water abstracted and wastewater discharged in keeping with the applicable regulations.

The company strives to reduce water abstraction volumes. The plant operation and maintenance staff monitor the operation of the equipment for optimised water usage. The relevant supervision procedures are described in wastewater manuals, job instruction manuals and system procedures.

Grupa Azoty Police

The company abstracts water from the Oder and Gunica Rivers, using it for industrial, cooling and firefighting purposes. Industrial (process) wastewater from production processes is transferred to the on-site wastewater treatment facility. Spent cooling water and stormwater from the plant premises are discharged directly into the internal sea waters (the Oder).¹ They undergo automatic pH monitoring on a continuous basis. Environmental impacts associated with water usage are analysed as part of surface water monitoring in accordance with the integrated pollution prevention and control permit.

The company continuously measures the amount of water abstracted. The quality of the water is tested every two months by an accredited laboratory. Abstraction of water from the Oder does not materially affect the water quality or resources of the river. The company's water footprint, i.e. the amount of water it uses both directly and indirectly, is monitored, fostering the prudent use of water resources.

The Group adheres to current standards for the Integrated Management System, including the environmental management system compliant with EN ISO 14001:2015. It ensures that the concept of continuous improvement is implemented in practice and has all the features specified in BAT conclusions. Spent cooling water is partly reused in the production of softened water and demineralised water. Some volumes of spent cooling water are returned to the water intake point and then reused. Condensates are recycled and reused at the plant for various purposes, depending on the degree of purity.

¹ Public Notice of the Marshal of the Sejm (Lower Chamber of the Polish Parliament) of April 7th 2023 on the promulgation of the consolidated text of the Act on Maritime Areas of the Republic of Poland and Maritime Administration (Dz.U. of 2023, item 960) Art. 4 Internal sea waters include: 1) "...and the Oder River between the Szczecin Lagoon and the Port of Szczecin waters;".



BEST PRACTICE

Desalination of water from the Oder

Grupa Azoty Police is working to protect itself against periodic increases in the salinity of the Oder River. In 2022, the company moved forward on the project to make production of demineralised water independent of the river's variable salinity and increase the capacity to produce treated water for special applications. The key objective is to enable the company to use water drawn from the river as the sole source of water treated for special applications. Slated for completion in the first half of 2023, the upgrade will help reduce water withdrawal from the Gunica River.

Grupa Azoty Kędzierzyn

The company uses water to support its industrial processes, as a cooling agent, as sanitary and drinking water, for fire protection and to produce water for special applications. All organisational units are required to manage water rationally, prevent its losses, and prevent equipment failures. The company abstracts water from:

- the surface intake on the Oder River,
- the surface intake on the Łącza stream,
- deep water wells (Tertiary and Quaternary groundwater).

The company is seeking to increase the use of treated industrial wastewater and stormwater to produce deeply treated water. No conflicts with local communities were recorded because the company observes the principles of corporate social responsibility.

[303-3]

Water withdrawal from all areas, by source (Ml)²

Water source	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Other groundwater	0	0	0	0	14	0	0	0
Fresh groundwater	327	322	5,875	4,971	0	0	974	1,000
Fresh surface water	10,994	10,649	77,850	77,038	1,693	1,217	3,654	3,654
Other surface water	0	0	0	0	144,884	127,112	0	0
Fresh groundwater from third parties	0	0	0	0	274	228	2,404	2,404
Total	11,321	10,971	83,725	82,009	146,851	128,557	7,032	6,008

SCROLL TABLE

² The Grupa Azoty Group does not classify water into low-mineralised and other water, as such division is not relevant to its operations. Water abstracted by the Grupa Azoty Group is monitored through continuous or periodic measurements. Such measurements are made using certified metering devices, with the permitted level of water abstraction set out in the integrated pollution prevention and control or water-law permits.

Water withdrawal from water stress areas (Ml)³

Water source	Grupa Azoty POLICE	
	2021	2022
Other groundwater	0	0
Fresh groundwater	0	0
Other seawater	0	0
Fresh surface water	1,693	0 ⁴
Fresh groundwater from third parties	0	0
Total	1,693	0

³ Grupa Azoty S.A., Grupa Azoty Puławy and Grupa Azoty Kędzierzyn do not withdraw water from water stress areas. The company identifies water stress areas using data published by the Environmental Protection Institute of the National Research Institute [Wizualizacje ryzyka dla Polski – Klimada 2.0 \(ios.gov.pl\)](#). In 2021, GA Police identified the Gunica River as a water stress area due to its low water level.

⁴ According to the most recent decision issued by the Regional Water Management Authority of Szczecin, the Gunica River is not a water stress area. Therefore, the amount of water abstracted from that river is presented elsewhere in the 2022 report.

[303-4]

Water discharge by discharge point (Ml)⁵

Discharge point	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Third parties excluding other organisations	0	1,247	0	0	0	0	0	0
Internal sea waters	0	0	0	0	108,268	121,643	0	0
Surface water	4,739	3,068	67,238	68,052	32,540	0	5,981	6,600
Total	4,739	4,315	67,238	68,052	140,808	121,643	5,981	6,600

SCROLL TABLE

⁵ The Grupa Azoty Group does not classify water into low-mineralised and other water, as such division is not relevant to its operations. 'Other organisations' were taken into account as discharge points in the summary, but none of the companies disclosed such discharge.

Water discharge in all areas by type of water (Ml)⁶

Water type	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
Fresh	4,739	4,315	67,238	68,052	0	0	5,981	6,600

SCROLL TABLE

Water type	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Other	0	0	0	0	140,808	121,643	0	0
Total	4,739	4,315	67,238	68,052	140,808	121,643	5,981	6,608

⁶ The Grupa Azoty Group does not classify water into low-mineralised and other water, as such division is not relevant to its operations.

Once a uniform classification of water stress areas in Poland was adopted by the key companies of the Grupa Azoty Group, no water discharge into such areas was disclosed in 2022.

Water discharge by stage of treatment (Ml)⁷

Treatment stage	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022
No treatment	268	115	0	0	108,268	94,636	0	0
Primary ¹	3,158 ⁸	2,953	1,623 ⁹	1,572	32,540 ¹⁰	27,007	2,429 ¹¹	4,600 ¹²
Secondary ²	1,313	1,247	1,644	1,508	0	0	2,429	1,910
Tertiary	0	0	67,238 ¹³	68,052	0	0	5,981 ¹⁴	0
Total	4,739	4,315	67,238¹⁵	68,052	140,808	121,643	5,981	6,608

⁷ The Grupa Azoty Group does not classify water into low-mineralised and other water, as such division is not relevant to its operations.

⁸ Cooling water.

⁹ Central industrial wastewater treatment unit (COŚP) – mechanical and chemical treatment plant.

¹⁰ Neutralisation, aeration, coagulation, sedimentation, sediment separation, wastewater deeper treatment in pressure-equalising tanks.

¹¹ The mechanical wastewater treatment process at the central mechanical wastewater treatment plant includes removal of debris, sands and fatty substances from wastewater.

¹² Mechanical and chemical treatment process.

¹³ Tertiary biological treatment unit (pond) – natural biological and physico-chemical processes of self-purification from nitrogen and organic compounds. Through the discharge channel, wastewater generated by the company, including that treated in individual treatment units, flows up to the tertiary biological wastewater treatment unit (pond).

¹⁴ Removal of debris and fatty substances from wastewater at the Piskorzowiec plant. Wastewater is self-purified in the system of earth sediment and pressure-equalising tanks.

¹⁵ All wastewater discharged by Grupa Azoty PUŁAWY, including wastewater that has received primary and secondary treatment, undergoes tertiary treatment.

Given the various characteristics of their production processes, the applicable legal requirements and technologies in place, each of the Group companies uses different wastewater treatment methods.

Grupa Azoty S.A.

- Primary and Secondary – mechanical treatment plant.

Grupa Azoty Puławy

- Primary – central industrial wastewater treatment plant (mechanical and chemical treatment),

- Secondary – biological wastewater treatment plant,
- Tertiary – tertiary biological treatment pond.

Grupa Azoty Police

- Primary – mechanical and chemical wastewater treatment plant.

Grupa Azoty Kędzierzyn

- Primary – central mechanical wastewater treatment plant,
- Secondary – central mechanical and biological wastewater treatment plant,
- Tertiary – Piskorzowiec Treatment Plant (removal of fatty substances, debris and suspensions).



CLIMATE AND ENVIRONMENT

Wastewater

[303-1] [303-2]

We have in place various wastewater treatment practices to minimise environmental hazards. Wastewater is managed by all Group companies in compliance with their integrated pollution prevention and control permits.

	Selected industry standards for wastewater
Grupa Azoty S.A.	<ul style="list-style-type: none"> BAT
Grupa Azoty PUŁAWY	<ul style="list-style-type: none"> BAT CWW Regulation on substances particularly harmful to the water environment
Grupa Azoty POLICE	<ul style="list-style-type: none"> BAT CWW
Grupa Azoty KĘDZIERZYN	<ul style="list-style-type: none"> BAT

Grupa Azoty S.A.

The company generates spent cooling water, industrial wastewater and sanitary sewage. The spent cooling water and stormwater are discharged into receiving waters. The industrial wastewater and sanitary sewage are first directed to treatment facilities and then to receiving waters or external recipients.

Grupa Azoty Puławy

Wastewater is transferred to treatment facilities, which comprise a multi-unit system relying on different technologies for specific types of wastewater. The system consists of:

- the biological blackwater treatment unit (BOŚF),
- the biological wastewater treatment unit (BOŚ),
- the central industrial wastewater treatment unit (COŚP),
- the tertiary biological treatment unit (pond).

The discharge channel functions as a collector of the entire wastewater system. It is an open channel which collects wastewater treated at individual sections of the wastewater treatment system, as well as wastewater from other production units or auxiliary facilities and from third parties. The wastewater is transported through the discharge channel to the tertiary biological treatment unit (pond), and afterwards is discharged into the Vistula River.

The quality of wastewater is monitored in accordance with the provisions of the integrated pollution prevention and control permit. The volume of discharged wastewater is measured on a continuous basis, while the quality of wastewater is examined by an accredited laboratory at intervals specified in the company's integrated pollution prevention and control permit.

Grupa Azoty Police

Industrial wastewater is directed to the on-site mechanical and chemical treatment facility. The flow-through wastewater treatment technology applied at Grupa Azoty Zakłady Chemiczne POLICE S.A. consists in wastewater neutralisation using the milk of lime solution with its simultaneous mixing and aerating. The addition of iron (II) sulfate contained in the raw wastewater (leachate from the iron (II) sulfate landfill site) as a coagulant and flocculant accelerates the separation and sedimentation of sludge. Following sediment separation, the treated wastewater is transported through pumping stations or gravitationally into pressure-equalising tanks (where it undergoes deeper treatment, including biological treatment in natural conditions – as a result of which its limpidity improves, the pH and composition is averaged, and the content of biogenic substances is reduced) and then discharged into receiving waters.

The separated sediment is compacted and then drained at a sludge drainage unit equipped with sedimentation centrifuges.

With the current condition of the mechanical and chemical wastewater treatment plant, it is possible to achieve satisfactory technical efficiency of the equipment. The basic physical and chemical properties of the treated wastewater comply with the requirements set out in the integrated pollution prevention and control permit, regulation of the Ministry of Maritime Economy and Inland Navigation, and BAT conclusions.

Spent cooling water and stormwater from the plant premises are discharged directly into the surface waters of the Oder River. The discharged spent cooling water is monitored for pH.

The quality of wastewater is monitored in accordance with the provisions of the integrated pollution prevention and control permit. The volume of discharged wastewater is measured on a continuous basis, while the quality of wastewater discharged into water is examined at regular intervals by an accredited laboratory.

Grupa Azoty Kędzierzyn

The company generates process wastewater, spent cooling water and stormwater. It has a modern, regularly upgraded multi-stage wastewater treatment and disposal system, making the company self-sufficient in terms of wastewater management. The system consists of the central mechanical treatment plant, the central mechanical and biological treatment plant, and the Piskorzowiec treatment plant. The treated wastewater is discharged into the Oder River. The most recent upgrade (completed in 2018) helped improve the nitrification and denitrification process, as an advanced wastewater heating unit makes it possible

to effectively remove most nitrogen compounds, also during winter. The upgrade also included replacement of the fine bubble submerged aeration system and air blowers, as well as launch of an automatic control system for the oxygen dosing process.

Both water consumption and the wastewater from each production process directed to the multi-stage treatment system are closely monitored. The company holds a water-law permit setting out the permitted withdrawal volumes of surface water and groundwater, as well as an integrated pollution prevention and control permit specifying the maximum quantity and required quality of wastewater discharged. The company's integrated pollution prevention and control permits for the production facilities set out the permitted water consumption levels as well as the parameters and quantities of wastewater discharged. As part of the ISO 14001 environmental management system, relevant documents (work instructions and process descriptions) have been developed to transpose the water consumption limits specified in the integrated permits to individual installations.

All standards for the quantity, condition and composition of wastewater have been laid down in the applicable integrated pollution prevention and control permit for the wastewater treatment plant.



CLIMATE AND ENVIRONMENT

Biodiversity

[3-3] [304-1] [304-2]

Nevertheless, we can, as we have been doing for years, take measures to minimise this impact. Measures to prevent and offset our adverse impacts on the environment are an integral part of our operating model, especially as protected areas are situated near our plants or are managed by some of our companies. In 2022, we did not identify any significant adverse impacts of the companies' operations on biodiversity in protected areas or in high biodiversity areas outside of protected areas.

Grupa Azoty S.A.

The company has in place an environmental management system conforming to the ISO 14001 standard, which supports environmental protection and prevents pollution. Recognising the potential magnitude of its environmental impact, the company continually monitors those areas that are considered material, which enables an assessment of the effectiveness of processes that influence the scale of that impact. It also assesses its activities and procedures for compliance with the relevant requirements.

None of the company's products or services have an adverse effect on biodiversity. Its products have been registered in accordance with the REACH Regulation and come with chemical safety reports, customer instruction manuals and safety data sheets, which include information on their possible effects on living organisms. Periodic inspections by administrative authorities have revealed no irregularities.

Grupa Azoty Puławy

The company's facilities are located within a forest complex on the right bank of the Vistula River, about three kilometres north of the town of Puławy. The following Natura 2000 protected areas are located in the vicinity of the company's site:

- Puławy area,
- Lower Wieprz River,
- Nałęczowski Plateau,
- Middle Vistula River Valley,
- Lesser Poland Vistula Gorge.

The company's site also neighbours with the following nature reserves, parks and protected landscape areas:

- Piskory nature reserve,
- Łęg na Kępie nature reserve in Puławy,
- Czapliniec nature reserve near Gołęb,
- Kazimierz landscape park,
- Wieprz River Glacier Valley protected landscape area,
- Kozi Bór protected landscape area.

The company's site is located in an enclave surrounded by wildlife corridors: GKPdC-10 Middle Vistula Valley, GKPdC-3A Lower Wieprz Valley, and GKPdC-4A Lesser Poland Vistula Gorge.

The company makes every effort to ensure that its current and future operations do not result in permanent depletion or fragmentation of natural habitats and habitats of plant and animal species (for which the European Natura 2000 network sites have been designated), or otherwise disrupt the network.

The amount of noise generated by noise emitters on the company's premises does not exceed the permitted night- and day-time noise levels in acoustically protected areas. Since 2005, the company has maintained a nesting box for peregrine falcons on its CHP plant's flue gas stack.

Grupa Azoty Police

The area owned by the company has no significant natural value and is not covered by any national or EU nature protection measures. However, areas covered by various forms of such protection are located in the vicinity of the company's site:

Nature reserves:

- Białodrzew Kopicki,
- Olszanka,
- Uroczysko Święta,
- Świdwie.

Natura 2000 sites:

- Police – Kanały (Police Canals) (PLH320015) – about 0.4 km to the south of the plant site,
- Zalew Szczeciński (Szczecin Lagoon) (PLB320009) – about 2 km to the north of the plant site,
- Ostoja Wkrzańska (Wkra Refuge; formerly Puszcza Wkrzańska) (PLB320014) – about 2 km to the west of the plant site,
- Oder Estuary and Szczecin Lagoon (PLH320018) – about 2.5 km to the east of the plant site.

The company has implemented a rigorous process regime at its two existing on-site landfills, having reduced their environmental impact to a minimum. The landfill sites are now a habitat for many plant species and animals of significant natural value.

Since 2016, the company has worked with the 'Sokół' ('Falcon') Wildlife Protection Association of Włocławek. A nesting box for peregrine falcons has been placed on the flue gas stack, and the company covers the costs of online broadcast from the nest and from the front of the nesting box.

Grupa Azoty Kędzierzyn

No significant direct or indirect biodiversity impacts on protected areas or areas of high biodiversity value have been identified at the company. None of the company’s facilities is located in or adjacent to such areas. There are no forms of nature protection in the company’s immediate vicinity as the sites where it operates are mainly located within highly industrialised and urbanised areas. The impacts of ongoing projects on the adjacent areas are addressed on a case-by-case basis in environmental impact reports or project data sheets.

In 2022, a survey was carried out among 63 of the company’s suppliers regarding their impact on biodiversity. The survey was completed by almost 24% of the respondents.



BEST PRACTICE

In 2022, beehives were installed near a wildflower meadow sown in 2021 on the premises of Grupa Azoty S.A. The apiary is under the constant care of a beekeeper, with the first honey crop expected in the spring of 2023.

A similar employee-initiated project called ‘Miodowy ZAKątek’ was launched at Grupa Azoty Kędzierzyn. The location of the apiary was chosen with the welfare of the bees and safety of employees in mind. The honey will go to the company’s trading partners.

[304-1]

Tereny stanowiące własność przedsiębiorstwa, dzierżawione, zarządzane na obszarach chronionych, w ich sąsiedztwie lub w pobliżu obszarów o dużej bioróżnorodności, poza obszarami chronionymi

Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar by pr
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Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar by product
Grupa Azoty S.A.	Province of Kraków, county of Tarnów, municipality of Wierzchosławice	Water intake points are located within this area.	Within the protected area	None	57,512 m ²	Freshwater ecosystem	Natural site
	Province of Kraków, county of Tarnów, municipality of Tarnów	-	Adjacent to the protected area (up to 15 km)	Manufacturing or production activities	307 HA	-	-
Grupa Azoty PUŁAWY	The area is located within a forest complex on the right bank of the Vistula River, about three kilometres north of Puławy. ¹	-	Adjacent to the protected area (up to 15 km)	Manufacturing or production activities	334.1482 HA	Land ecosystem	Natural sites area PLH1 Low Vistula River (code PLH1 Natural Plateau (code PLH1 Middle Vistula Valley (code PLB1 Less Vistula area PLH1 Natural reserve Park Protected land area Piskie natural reserve na K natural reserve Puławy Czaj natural reserve Goł...

Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar by product
							Kazimierzowski land park, Wępień Glaciotectonic prot land area, Bór Tucholski prot land area, complex site in area surrounded by the wild corn GKP, Middle Vistula GKP, Lower Vistula GKP, Lesser Vistula
Grupa Azoty POLICE	Province of Szczecin, county of Police, municipality of Police	Land owned or held in perpetual usufruct	Adjacent to the protected area (up to 15 km)	Manufacturing or production activities	1228.46 HA	Land ecosystem	Natural site, Police Area, PLH, Former prot, Habitat Directive, designated by the Jan 2000 area, Comp imp

Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar change by project
						Freshwater ecosystem	Na site Szcz Lago cod PLBS For prot Bird Dire Date desi in Po Nov 5th Stat bird prot area Ode and Lago cod PLH For prot Hab Dire Date desi by t Jant 200 area Com imp

Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar by product
						Freshwater ecosystem	Natural site Lake Area PLB3 Former protected Bird Dire Date desi in Po Nov 5th State bird prot area
						Land ecosystem	Natural site Wkr Area PLB3 Former protected Bird Dire Date desi in Po Oct 200 spec prot area

Company name	Geographic location	Subsurface and underground land that may be owned, leased, or managed by the organisation	Position in relation to the protected area	Type of operation	Size of operational site	Biodiversity value	Biochar by product
						Land ecosystem	Nature site in Goleń Forecode PLB3 Form prot Bird Dire Date desi in Po Octo 200 spec prot area
Grupa Azoty KĘDZIERZYN	Province of Opole, county of Kędzierzyn-Koźle	-	Adjacent to the protected area (up to 15 km)	Manufacturing or production activities	5.819 km ²	Land ecosystem	state legis

¹ The area adjacent to Grupa Azoty Puławy is located on the border of two physical-geographical subprovinces: Central Polish Lowlands and Lublin-Lviv Upland and their geographical mesoregions: the Middle Vistula River Valley (northwest), the Radom Plain (southwest).



Products addressing sustainability challenges

We also implement changes into our production processes to optimise resource usage and reduce energy consumption. Our primary focus is on efficient, innovative and environmentally friendly production. In 2022, no animal testing was carried out at the key companies of the Grupa Azoty Group.

While our Group continues to manufacture fertilizers, we are additionally evolving into an effective adviser on fertilizer application, leveraging our expertise in the latest agricultural technologies to assist farmers in maximising their yields. We manufacture advanced fertilizers with nitrification inhibitors for enhanced nitrogen uptake. Our services to farmers, based on a satellite technology and advanced soil scanners, support and popularise precision agriculture, helping to reduce fertilizer consumption by as much as 30%.

We explore new fertilizer formulas and technologies with significant market potential and adjust our fertilizer portfolio to meet evolving market expectations and the requirements of sustainable farming. Looking for innovative product solutions, we leverage our in-house expertise and the technologically advanced R&D facilities of the Grupa Azoty Group. In 2022, the collaboration between research units within the Group centred on various initiatives, including the development of agrotechnical recommendations for fertilizers, consultation on research scopes, and analysis of the viability of incorporating market-available equipment in agricultural practices, including advanced agronomic solutions, such as soil scanners, remote sensing, and precision agriculture.

We manufacture fertilizers tailored to the specific needs of different soils and crops. As a result, soil receives only those nutrients it actually needs.

The research conducted in 2022 encompassed:

- speciality ammonium nitrate-sulfate fertilizer products with functional additives,
- new generation nitrification inhibitors,
- laboratory-scale development of mineral and organic fertilizer compositions based on dolomite powder,
- biodegradable materials for coating granulated fertilizers,
- fertilizer composition based on sawdust and ammonium sulfate in the form of pellets, using thermoplastic starch binder,
- assessing the impact of incorporating nitrification inhibitors and urease into fertilizers on the crop yields, soil properties and emissions of nitrogen compounds into the atmosphere.

In line with our ESG strategy:

- we are committed to food safety,
- we develop and manufacture biodegradable plastics,
- we apply effective fertilizer formulas helping reduce greenhouse gas emissions.



See our new green products

■ New products based on urease inhibitor – AZOVILEN® S and AZOVILEN® G

AZOVILEN® G is a liquid nitrogen stabilizer, an additive to solid nitrogen fertilizers containing urea nitrogen. It was developed based on NBPT as an active substance, its concentration fine-tuned to optimise the product's efficacy. Its application reduces urease activity in soil, which prevents excessive (quick) transformation of urea into ammonia and carbon dioxide, reducing their emissions into the atmosphere. This increases the efficacy of nitrogen in the fertilizer, improving crop yields and quality.

AZOVILEN® S is a liquid nitrogen stabilizer, an additive to nitrogen fertilizers containing amide nitrogen. It is designed for use with urea-ammonium nitrate solutions and to coat urea granules.

■ New fertilizer product Polist

Polist, a new fertilizer to be marketed by Grupa Azoty Police, is designed to provide nutrients directly into a plant's leaves (not via the roots). Thanks to the foliar application of urea solution, Polist rapidly releases nitrogen into plants. The new fertilizer complements, rather than replaces, the soil application of nutrients.

■ Humic acid line

In 2022, we launched commercial production of humic acids for Tohumus® (the main product). The product supports regenerative agriculture by recreating and maintaining crop yield potential.

■ Technology for obtaining potassium thiosulfate

We have developed a technology for obtaining potassium thiosulfate solution using waste gases containing small amounts of sulfur oxides from the sulfuric acid unit and compound fertilizers based on urea-ammonium nitrate solution and potassium thiosulfate. This has lowered emissions of sulfur dioxide and nitrogen oxides into the atmosphere by approximately 90%, which helps reduce GHG emissions and is aligned with the circular economy model.

■ Development of 3D printing technology

In 2022, we added recycled filaments to our 3D printing materials range. The new Tarfuse® rPLA line comprises filaments made from granules that are 100% industrial recyclate derived from residual waste recycling.

■ Biodegradable and compostable polymers line

Grupa Azoty S.A. is the first company in Poland to have launched a line of biodegradable and compostable polymer granules. The new envifill® line has been developed based on the Grupa Azoty Group's proprietary technology for obtaining thermoplastic starch made from biodegradable and compostable materials with no plasticizer content.

■ Grupa Azoty Puławy's KAPROPOL project

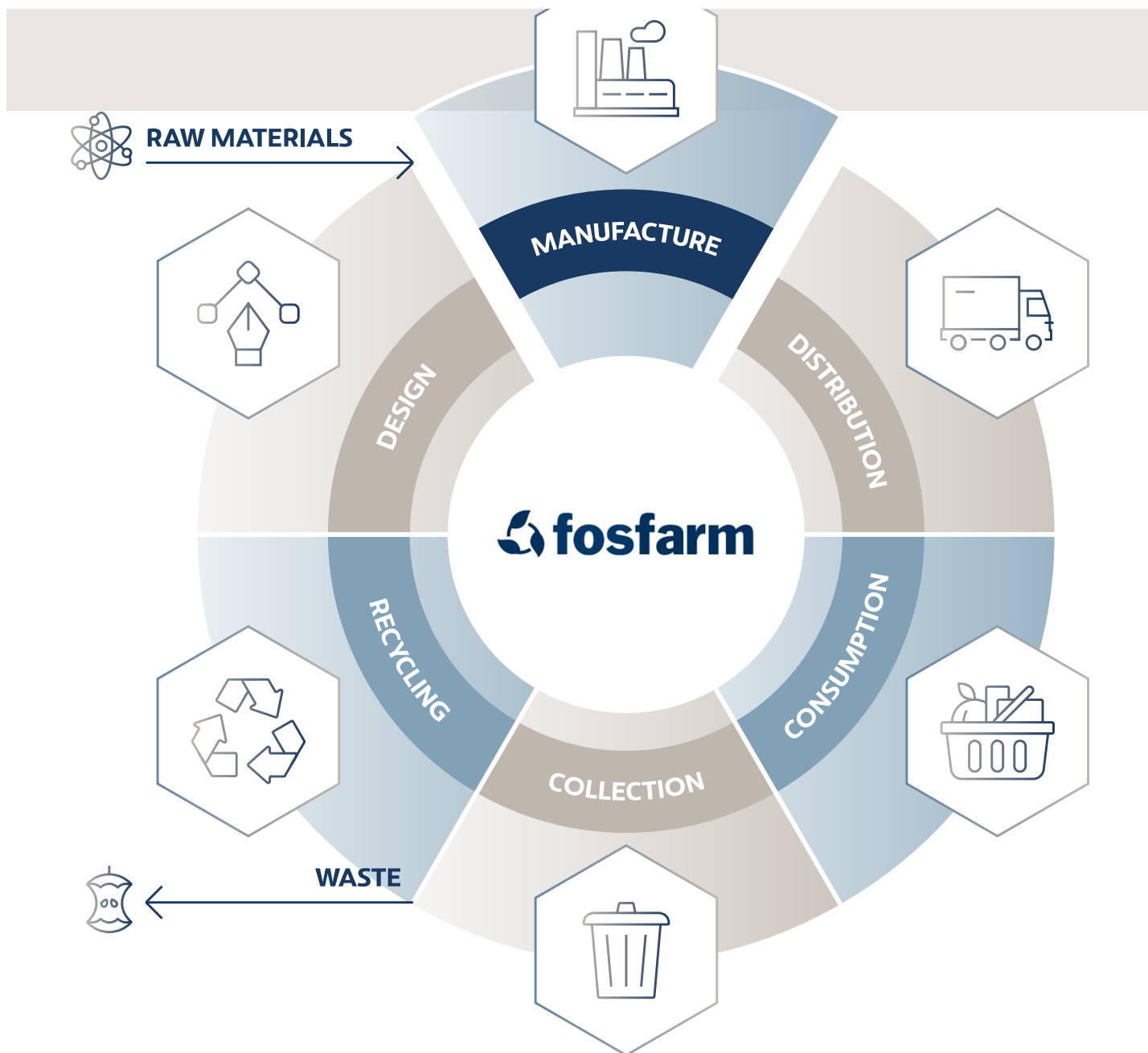
In 2022, Grupa Azoty Puławy was completing work on the KAPROPOL project and a comprehensive innovative technology to obtain ϵ -caprolactone – a biodegradable monomer for the production of polycaprolactone (PCL), which is used, for instance, in medical applications.



See how we support the circular economy

We seek to attain the highest operational standards, aligned with the principles of the circular economy. We are aware that minimising feedstock consumption, recovery of materials, recycling of waste, and development of new biodegradable plastics are a necessity. We adhere to the increasingly stringent standards mandated by EU regulations, the objective of which is to promote a swift adoption of the circular economy.

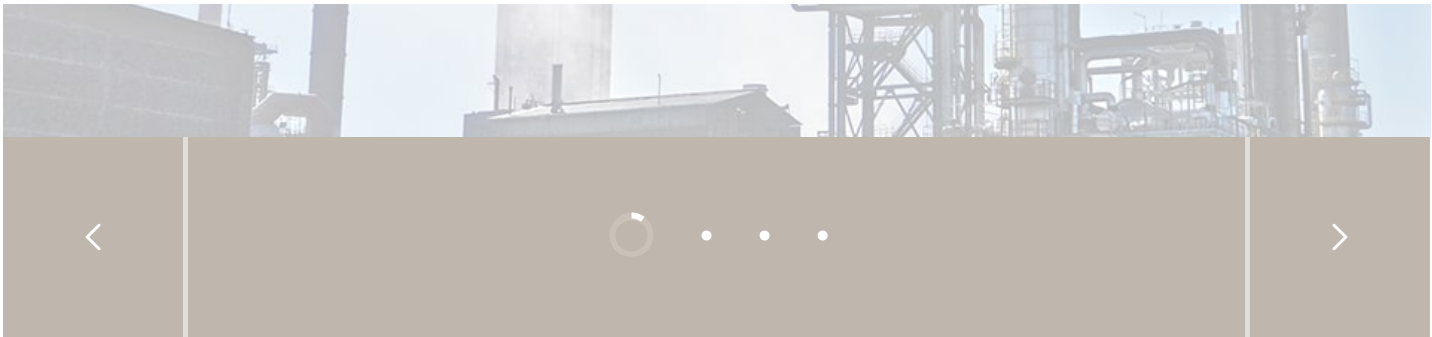
Our new products are intended to drive economic growth, while protecting natural resources and preserving the balance of agroecosystems globally. By ensuring the rational and efficient utilisation of nutrients present in fertilizers, we guarantee optimised yield quantity and quality, while mitigating pollution and preserving production potential of the natural environment. One example of products consistent with the circular economy concept is Fosfarm, a line of fertilizers enriched with calcium, magnesium, sulfur and micronutrients, such as copper and zinc. Their phosphorus content, as well as the calcium, magnesium and micronutrients, all come from renewable sources, including sewage sludge incineration ash.



CIRCULAR ECONOMY

Manufacture

The formula of Fosfarm fertilizers has been designed to minimise the use of the product and maximise its effectiveness. They are enriched with calcium, magnesium, sulfur and micronutrients, that is copper and zinc, which significantly contribute to improving soil quality. Fosfarm fertilizers contain ammoniacal nitrogen, magnesium and sulfur as components facilitating absorption of phosphorus by plants, i.e. stimulating what is called synergism between elements. The phosphorus contained in the fertilizers is soluble in ammonium citrate and water (one-fourth of the phosphorus is water soluble). Phosphorus compounds soluble in those two substances show comparable effectiveness regardless of when they are applied, provided they are placed at the correct depth in the soil.



In 2022, we validated the technology for obtaining potassium chloride from by-pass dust generated at cement plants. We also commenced technical and economic analyses of its industrial-scale deployment. The technology involves a waste-free production process using a by-product raw material, in line with the principles of the circular economy. The product can serve as a feedstock for further processes, in the manufacture of solid fertilizers or as an additive to liquid products, such as humic acids.

A closed loop in raw materials is also supported by activities of our Plastics segment, which has long used its by-products to make viable products. In 2021, a large-scale project was launched to increase the potential of mechanical recycling of polyamide 6 and add other recycling methods. The new method is to rely primarily on recycling of plastic waste, which will allow us to add to our portfolio new products containing recycled materials or to recover plastic monomers.



Read about the safety of our products

- [2-27]
- [3-2]
- [3-3]
- [416-1]
- [416-2]
- [417-1]
- [417-2]
- [417-3]

[3-3]

We maintain full control over the safety and quality of our production processes. To eliminate potential risks, we have implemented and rigorously adhere to stringent internal regulations and top-tier production standards. The underlying legal framework includes the Environmental Protection Law, the Water Law as well as the Waste Acts and other legal regulations pertaining to environmental protection, occupational health and safety and fire safety. All hazardous products undergo a safety assessment in accordance with the REACH Regulation, CLP Regulation, and the Fertilizers and Fertilization Act. Substances placed on the market are registered and appropriately labelled, while customers are informed of associated risks.



BEST PRACTICE

Grupa Azoty S.A.'s process safety management system is defined by the Occupational Health and Safety Policy and the Industrial Accident Prevention Programme. The company records and analyses hazards, adjusting relevant safeguards ('safety layers') to address these hazards. In accordance with the Environmental Protection Law, it regularly draws up the Safety Report.

[3-3]

Product safety and quality are seen as strategic priorities at the Grupa Azoty Group. We are well aware of the risks, both to humans and the environment, that may arise from the use of potentially hazardous chemicals. For this reason, we have implemented rigorous internal regulations and strictly comply with world-class standards for chemical production. The underlying legal framework includes the Environmental Protection Law, the Water Law as well as the Waste Acts and other legal regulations concerning environmental protection, occupational health and safety and fire safety.

Our products are sold to food producers and farmers, and so their quality has a direct impact on consumer safety and health. Recognising this responsibility, we have set the following goals for the Group:

- to supply mineral fertilizers facilitating efficient crop cultivation in line with environmental principles, while ensuring the profitability of agricultural business and making food prices affordable,
- to enhance the security of food supply, eradicate poverty and bolster development opportunities for local communities,
- to prevent degradation of soil and help restore it to original condition in line with the set goals, such as the goal of counteracting desertification,
- where possible, to eliminate or mitigate adverse effects of fertilizer application and agricultural production on the environment.

The effective delivery on these commitments is ensured through our internal Food Safety Management Policies (updated in May 2022). In line with the Policies, all parameters affecting the quality and safety of products are monitored on an ongoing basis, high standards of hygiene are adhered to at the production, storage and distribution stages, and the manufacturing infrastructure with supporting technologies is constantly upgraded and improved. The Policies also underline the need to provide ongoing staff training on health safety issues and to exchange information, both internally and externally, on the risks to product safety throughout the food chain.

We are responsible for products along the entire supply chain. As a member of Fertilizers Europe, our Group runs the Product Stewardship programme, based on a set of international quality standards and regulations. The Group companies ensure that their procedures for processing, transport, storage, distribution and use of raw materials and intermediate products conform to the principles of responsibility, protection of human health and safety and environmental safety. In 2022, Grzegorz Kądziałowski, Vice President of the Management Board of Grupa Azoty S.A., was re-appointed Vice President of [Fertilizers Europe](#) for the second term of office.

[416-1]

The fertilizers we manufacture and the raw materials and intermediates we use are processed, transported, stored and distributed in line with the principles underpinning the protection of human health and safety and environmental safety.

In 2022, 91.6% of key product categories across the Group were assessed for potential impact on consumer health and safety and on the natural environment. The key product categories at the respective companies included:

Grupa Azoty S.A.:

- fertilizers (based on ammonium nitrate and sulfate and humic compounds),
- chemicals (nitric acid, sulfuric acid, oleum, cyclohexanone, cyclohexanone oxime),
- plastics – polyamide 6, biopolymers, 3D printing materials (filaments, pellets),
- catalysts,

- energy carriers.

Grupa Azoty Puławy:

- onecon,
- hydrogen.

Grupa Azoty Police:

- fertilizers,
- pigments,
- chemicals.

Grupa Azoty Kędzierzyn:

- Oxoplast™ BU substances,
- AGRO BU substances and mixtures.

[416-2]

In 2022, no incidents of non-compliance with regulations or voluntarily implemented codes concerning the health and safety impacts of products and services were identified.

[3-2] [417-1]

The information we place on packaging labels clearly identify each product and help understand any potential hazards involved and restrictions on its use. Appropriate labelling, instruction manuals and safety data sheets describing a product's possible effects on the environment and living organisms are prepared for all products leaving our plants. Some packaging also bears information on how the product should be recycled. These matters are addressed by our integrated management system, which includes procedures and instructions for product labelling and safeguards consumers' interests by providing assurance about the safety and quality of the goods they purchase. Trade names, manufacturer contact details and product weight are also provided on all packaging.

- Our products bear a label containing basic information on the material.
- Hazardous substances and mixtures are labelled in accordance with Regulation (EC) 1272/2008 (CLP). A safety data sheet is prepared for each product and provided to customers in accordance with the REACH Regulation.
- Materials classified as dangerous in transport are appropriately labelled in accordance with the RID and ADR regulations.
- Fertilizers are labelled in line with the Fertilizers and Fertilization Act and Regulation (EU) 2019/1009 – most fertilizer and plastic products come with information leaflets.

Since 2022, fertilizers manufactured by the Grupa Azoty Group have been CE marked in accordance with the new Regulation (EU) 2019/1009 of the European Parliament and of the Council.

[417-1]

Percentage of product and service categories subject to information requirements (%)

	2021	2022
Grupa Azoty S.A.	100	80
Grupa Azoty PUŁAWY	81.2	80
Grupa Azoty POLICE	100	100

	2021	2022
Grupa Azoty KĘDZIERZYN	63	100

[417-2] [417-3]

No incidents of non-compliance concerning product or service information and marketing communications were identified in 2022.

[2-27]

In 2022, no penalties were imposed on any of our companies for non-compliance with laws and regulations governing the supply and use of products at any stage of their life cycle.



BEST PRACTICE

All the Group companies complied with the duty to register manufactured substances, and prepared and published appropriate material safety data sheets (or equivalent documents) in accordance with the EU REACH Regulation¹ for all products placed on the market. In 2021 and 2022, the Group companies fulfilled the obligation to update these documents and continued to cooperate in implementing REACH-related initiatives.

¹ Regulation (EC) 1907/2006 of the European Parliament and of the Council of December 18th 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency.

We are strongly committed to ensuring the safety of our products during transport. When transporting particularly dangerous goods, we strictly apply the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR, L'Accord européen relatif au transport international des marchandises dangereuses par route). We assist our business partners in the event of any accidents involving the transport of hazardous substances. The key Group companies continue to be active participants of the SPOT System of Assistance in Hazardous Material Transport, which aims to enhance the safety of transporting such materials in the territory of Poland. In the event of a hazard, it facilitates effective remediation of the consequences of an

accident by mobilising the combined forces and resources of the national firefighting and rescue system and other entities forming part of the SPOT system.

We also ensure the safety of in-company transport. Means of transport used on the premises of Grupa Azoty S.A. include forklifts and belt conveyors, with products delivered to the port warehouses by rail. Electric forklift trucks are used on the premises of Grupa Azoty Puławy, and environmentally safe recycling procedures for spent batteries and tyres have been put in place. All warehouses of Grupa Azoty Puławy are furnished with appropriate venting systems and dedicated forklift loading places.

We also operate in compliance with the food safety requirements. A system conforming to the requirements of the Codex Alimentarius, ISO 22000 standard and applicable laws has been implemented at all companies engaged in the manufacture of products used in the food industry. The FSSC (Food Safety System Certification) has been implemented at Grupa Azoty Puławy.



BEST PRACTICE

Given the nature of their operations, the Grupa Azoty Group companies are formally classified as upper-tier establishments. Our obligations include the preparation and periodical updates of the Safety Report. We have in place adequate monitoring and safety systems, and our procedures minimise the risk of industrial accidents and mitigate their potential impacts. These procedures include:

- preventive plans,
- production process control,
- performance of particularly hazardous work,
- emergency/accident response instructions,
- occupational health and safety monitoring,
- operational control,
- assessment of safety objectives alignment with standards,
- storage.



IMMEDIATE ENVIRONMENT

Stakeholder dialogue

[2-29] [3-3] [Presentation of results]

While developing our stakeholder map, we identified stakeholder groups that have a significant impact on, or are in turn impacted by, the Grupa Azoty Group. We actively engage in discussions about topics relevant to specific stakeholders and to our Group, the form and frequency of interaction being tailored to the needs of those interested. Responsibility for maintaining this dialogue lies with the heads of relevant functional areas of the Group companies.

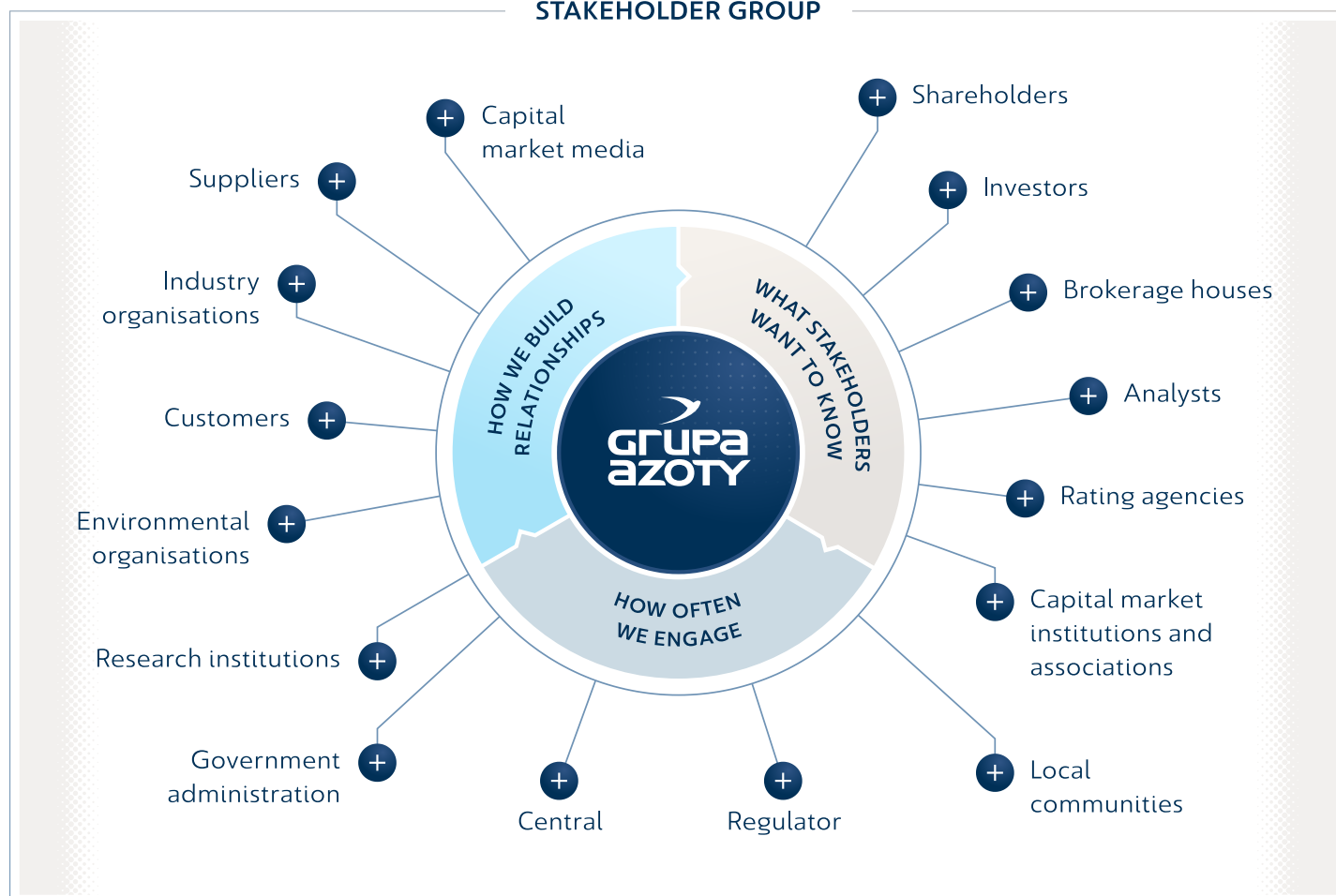
[2-29]

Key stakeholder groups:

- **Shareholders** – when making decisions, the Group always adheres to the criterion of economic viability, thus addressing the primary expectations of its shareholders as the goal is to earn profits, secure a return on capital, and drive value.
- **Capital market institutions and associations** – the terms and conditions of financial products offered to the Grupa Azoty Group depend on how its financial condition and growth opportunities are assessed. Moreover, the majority of banks in Poland follow global trends, necessitating the integration of sustainability criteria into potential borrower assessments.
- **Employees, local communities** – employees represent the key capital of Grupa Azoty S.A. as the company's long-term success depends on their performance, ingenuity, and expertise. The Group recognises the role its companies play in the local communities and responsibility for its immediate environment. We initiate actions in response to local needs and contribute to the development of the regions where our companies are located by supporting culture, education and sports.

- **Suppliers** – without fostering good relations with and ensuring proper choice of its trading partners, the Grupa Azoty Group would not be able to manufacture high-quality products or build a competitive advantage.
- **Customers** – the significance of our customers cannot be overstated, as they enable the Group to sell its products, provide jobs for its workforce, and multiply the capital invested by its shareholders.
- **Public administration** – public authorities have a law-making function, affecting the Group’s macro environment. Local authorities, which govern the regions where our plants are located and make key decisions for their development, have influence on the local communities and immediate environment of the Group’s plants. For this reason, the Grupa Azoty Group aims to support selected initiatives of the local governments, thereby contributing to development of the respective regions.

STAKEHOLDER GROUP



Shareholders, investors, brokerage houses, analysts, rating agencies

What stakeholders want to know:	How we build relationships:	How often we engage:
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<ul style="list-style-type: none"> ■ dividend, share price ■ impact of COVID-19 on the Group's business ■ the Group's growth strategy, investment and acquisition plans ■ status of key investment projects with special focus on Polimery Police ■ market challenges and opportunities, e.g. with regard to digitalisation and innovation ■ risk management, with particular focus on ESG, climate and operational risks ■ environmental management performance and plans ■ procedures to be followed for share transfer transactions ■ analysis of financial results ■ short-term prospects for business segments ■ effect of acquisitions on the Grupa Azoty Group's performance, synergies achieved ■ activities planned under the European Green Deal framework ■ procedures to be followed for share transfer transactions 	<ul style="list-style-type: none"> ■ General Meetings of Shareholders ■ earnings conferences ■ one-on-one meetings ■ newsletter ■ investor conferences ■ regular meetings in the form of site visits ■ special occasion meetings ■ Wall Street conference organised by the Polish Association of Retail Investors ■ investor chats 	<ul style="list-style-type: none"> ■ quarterly financial reporting ■ quarterly earnings conferences ■ ongoing communication and publication of current reports ■ General Meetings of Shareholders convened at least once a year ■ dialogue and meetings on an as-needed basis
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Capital market institutions and associations

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ approach to implementing new regulatory requirements related to the TCFD package ■ risk management, with particular focus on ESG and climate risks ■ inquiries made in connection with disclosure requirements ■ opinion polling questions asked when regulatory changes are proposed ■ impact of COVID-19 on the Group's business ■ corporate governance ■ opinion polling questions asked when regulatory changes are planned 	<ul style="list-style-type: none"> ■ contact links on the website 	<ul style="list-style-type: none"> ■ ongoing communication in line with disclosure requirements ■ quarterly earnings conferences ■ participation in conferences, meetings and training

Capital market media

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ requests for the Group's comments on current events or its position on specific media reports or economic news ■ the Group's impact on economic and social development ■ impact of COVID-19 on the Group's business ■ situation on the natural gas and CO₂ emission allowances markets ■ Grupa Azoty Group strategy ■ activities planned under the European Green Deal framework, investment and acquisition plans 	<ul style="list-style-type: none"> ■ cooperation with investor websites ■ press conferences ■ email correspondence and telephone contact ■ participation in meetings held by the Group 	<ul style="list-style-type: none"> ■ quarterly earnings conferences ■ ongoing communication

Local communities

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ expectations as to continued social engagement activities ■ questions concerning new forms of activity as part of partnership with farmers/rural communities ■ questions about participation in conferences and events ■ consultations in the event of regulatory changes 	<ul style="list-style-type: none"> ■ meetings with local community representatives (artists, teachers, athletes, businessmen and others) ■ site meetings, participation in local events ■ integrated report ■ participation of the Group employees in projects for the benefit of local communities as part of employee volunteering initiatives 	<ul style="list-style-type: none"> ■ dialogue session ■ site meetings on an as-needed basis ■ outdoor events

Suppliers

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ consolidation changes at the company and their consequences for the company's trading partners 	<ul style="list-style-type: none"> ■ direct communication with contact persons designated by the Group companies ■ website ■ industry meetings, trade fairs ■ integrated report 	<ul style="list-style-type: none"> ■ as needed – on an ongoing basis and periodically

Customers

What stakeholders want to know:	How we build relationships:	How often we engage:
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Customers

<ul style="list-style-type: none"> ■ loyalty schemes and alignment of the Group's products and services with expectations of a broad group of customers ■ new channels and methods of communication about the Group's products ■ implementation of new innovative products and technologies 	<ul style="list-style-type: none"> ■ website and social media ■ Grupa Azoty Group image surveys ■ integrated report 	<ul style="list-style-type: none"> ■ ongoing activities, opinion/satisfaction surveys once a year
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Industry organisations

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ environmental impact of the Group ■ environmental initiatives implemented at the Group ■ Grupa Azoty Group strategy ■ joint project opportunities 	<ul style="list-style-type: none"> ■ participation in industry events ■ participation of Group representatives in the work and initiatives of industry organisations ■ promotion of good practices implemented at the Group 	<ul style="list-style-type: none"> ■ as needed – on an ongoing basis and periodically

Environmental organisations

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ environmental impact of the Group ■ environmental initiatives implemented at the Group ■ Grupa Azoty Group strategy with special focus on the Green Azoty project 	<ul style="list-style-type: none"> ■ website and social media ■ email communication 	<ul style="list-style-type: none"> ■ as needed – on an ongoing basis and periodically

Local and central government administration, regulator

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ approach to implementing new regulatory requirements ■ consultations in the event of regulatory changes 	<ul style="list-style-type: none"> ■ contact links on the website 	<ul style="list-style-type: none"> ■ as needed – on an ongoing basis and periodically

Research institutions

What stakeholders want to know:	How we build relationships:	How often we engage:
<ul style="list-style-type: none"> ■ research and development initiatives carried out at the Group ■ joint R&D project opportunities 	<ul style="list-style-type: none"> ■ participation in events ■ website ■ integrated report 	<ul style="list-style-type: none"> ■ as needed – on an ongoing basis and periodically



[3-3]

Agricultural producers and farmers represent a special group of our stakeholders. We recognise that, when selecting a particular fertilizer, farmers take into account the product's quality, but also access to comprehensive expert advice, local training opportunities, the manufacturer's visits at farms, its R&D work on new fertilizer products and application technologies, and assistance in soil testing. We support sustainable precision agriculture through educational initiatives targeted at farmers and agricultural advisers. We have the relevant expertise and share it via the press, television and internet.

Our collaboration with farmers goes back many decades. We understand their needs and help them deal with both current and future challenges. We closely monitor the agricultural landscape of Poland for any emerging trends, including a decreasing number of small and medium-sized farms (1-20 ha) and a rising share of large agro producers (>50 ha). We acknowledge the impact of these changes on the fertilizer market. Large farms, with much more substantial financial and logistic resources, have the capacity to make one-off purchases of fertilizers in volumes sufficient for the whole year at the most favourable prices.

What we know about Polish farmers and agriculture¹:

- 50 years – average age of the Polish farmer,
- 63% of farmers use smartphones,
- 62% of farmers use laptops,
- 77% have Internet access,
- 19% of farmers use tablets,
- 28% are satisfied with their financial condition.

¹ The Grupa Azoty Group's survey prepared by Kantar TNS.



BEST PRACTICE

Grounded in Knowledge

We have run the Grounded in Knowledge nationwide programme for many years now, offering free-of-charge soil pH testing and soil nutrient analysis. The project is aimed at promoting optimum fertilizer application technologies

matching the crop type and nutrient content of soil, as well as fostering the development of new fertilization technologies and fertilizer products that cater to the needs of Polish farmers. Our field consultants provide fertilizer advice to promote sustainable nutrient management. **Rational application of nitrogen and compound fertilizers helps prevent nutrient pollution, while increasing soil pH reduces soil degradation.**

In 2022, the number of farms participating in the programme was 794, while the area on which soil testing was performed totalled 23 thousand ha. In partnership with Regional Chemical and Agricultural Stations, we tested approximately 9.5 thousand soil samples. The results indicate that major challenges for farmers include the need to address soil acidification (34% of the soils were categorised as very acidic or acidic) and ensure an adequate content of accessible forms of phosphorus (37% of the soils had phosphorus deficiencies).

Launched in 2015, the Grounded in Knowledge initiative has already reached almost 7 thousand farms and tested nearly 80 thousand soil samples from more than 195 thousand ha.



- The **nawozy.eu platform** is a comprehensive source of knowledge on fertilizers and fertilizer application. It provides farmers and food producers with quick access to all necessary information on the properties, composition and optimal application of fertilizers offered by the Grupa Azoty Group. In 2022, we published 166 expert tips, 125 articles, 728 news items, 249 pieces of local news and 89 video materials. The website has registered more than 542 thousand visits and over 1.32 million views. The average visit duration was 4 minutes and 22 seconds. In 2023, we intend to launch a revamped version of the website, developed in line with the latest technological trends. The platform is complemented by the nawozy.eu channel on YouTube, where in 2022 we published 91 films, viewed 2.95 million times.
- Our **Agrolider magazine** is a popular source of expert knowledge on agriculture and fertilization. In 2022, the magazine (published in 66 thousand copies) was among the four most popular ones in Poland, having attracted 18% of the farming readership.
- We are a knowledge partner in **Agrorewolucje, an online entertainment and education show** featuring influencers **that has gained popularity across the industry**. The third season of this series started in 2022. The nine episodes so far have shown the transformation of three unprofitable farms into profit making undertakings, attributed in part to the application of the Grupa Azoty Group fertilizer products.
- From February to April 2022, a fifth edition of the **We Care for the Polish Land lottery** was run to stimulate customer purchasing activity and increase customer loyalty among farmers. In 2022, the lottery received over 42.7 thousand entries, 30% more than in 2021. The participants won 213 prizes, including 209 prepaid cards worth PLN 1,000 each, 3 monthly prizes worth PLN 10 thousand each, and a John Deere 5075E tractor.

POLIFOSKA®

Porady Nawozy Gdzie kupić? ABC Nawożenia FAQ O firmie Kontakt

zobacz naszą ofertę

Masz pytania?

Nasi eksperci przygotowali odpowiedzi na najczęściej zadawane pytania.

zobacz dział FAQ

POLIFOSKA® 6

Nawóz ten zaleca się stosować pod zboża ozime i jare, rośliny przemysłowe, pastewne i okopowe, na użytkach zielonych oraz w uprawie warzyw i sadownictwie. Zalecana na gleby ubogie w potas

BEST PRACTICE

Grupa Azoty Police runs the polifoska.pl website providing advice for farmers and comprehensive information on the Group's products. In 2022, the website was visited by 307,167 unique users.

The Group also runs the NONSTOP Fertilizers YouTube channel, dedicated to fertilizers and fertilizer application, but also presenting the latest local news and fun facts from the agricultural world. In 2022, films published on NONSTOP Fertilizers were viewed 2,950,999 times.



Read more about our collaboration with research institutions

[2-6]

The key scientific partner of the Grupa Azoty Group is the Łukasiewicz Research Network – New Chemical Syntheses Institute. We collaborate with Network experts to develop new products and technologies. Smart fertilizers, tailored to the specific needs of various crops as well as the nutrient content in soils, deserve a special mention.

We engage in discussions and share our experience with other chemical producers during the Polish Chemical Industry Congress, a leading industry event, of which Grupa Azoty is a long-standing strategic partner.



IMMEDIATE ENVIRONMENT

Key developments in 2022

COVID-19 pandemic

In association with Europe's volleyball champions Grupa Azoty ZAKSA Kędzierzyn-Koźle, we ran the Champion the Decision campaign. During the last two weekends of January, a total of 829 individuals were vaccinated, including nearly one hundred children. The vaccination campaign was organised by the local branch of the National Health Fund (NFZ) and the Opole Province Governor.

War in Ukraine

We did not remain indifferent to the war in Ukraine and fate of the Ukrainian refugees, having promptly launched a comprehensive aid effort. Together with our employees, the Group also engaged in providing aid to refugees fleeing the war and Ukrainians who were forced or chose to stay in Ukraine.

Our initiatives included:

- financial support of PLN 1 million given to charities (Caritas Polska and the Polish Red Cross),
- provision of accommodation and transport,
- donation of special clothing, equipment and medical supplies to Ukrainian firefighters,
- blood donation drives hosted by the Grupa Azoty Group's Clubs of Honorary Blood Donors,

- help in arranging transport and logistics to transfer people from reception to destination points,
- encouraging employee participation in the Parcel for Ukraine campaign, organised by Caritas.



BEST PRACTICE

Filip Grzegorzczak, Vice President of the Grupa Azoty S.A. Management Board and President of the Grupa Azoty Kędzierzyn Management Board, took part in the panel discussion entitled 'Do Poland and Ukraine have a chance to ease the global food crisis by forging closer cooperation in agriculture?' during the 16th Polish-Ukrainian Business Days International Forum.

Temporary stoppage of selected production lines due to high gas prices driven by Russia's aggression against Ukraine

As a consequence of Russian invasion of Ukraine, from February 24th 2022 natural gas prices on the European exchanges started soaring to extraordinary, historically high levels. Over six months, gas prices surged from EUR 72/MWh (February 22nd 2022) to EUR 276/MWh (August 22nd 2022).

Prompted by the record high prices of natural gas, the main feedstock used by the Grupa Azoty Group to produce nitrogen fertilizers, in the summer of 2022 some of the Group companies (Grupa Azoty Puławy, Grupa Azoty S.A. and Grupa Azoty Kędzierzyn) decided to temporarily shut down their fertilizer and melamine production units.

It should be noted that until August 22nd 2022 the Group had maintained fertilizer production at maximum capacity, while major European manufacturers significantly curtailed or halted their production.

Meeting fertilizer demand of the domestic market is a priority for the Grupa Azoty Group and thus, over the first seven months of 2022, its domestic supplies were significantly higher, as a result of reduced exports, than in the same period of 2021 or in previous years.

The scaledown of fertilizer production was planned so as to ensure the continued availability of critical products, including liquid CO₂ and dry ice. The production and deliveries of CO₂ to customers of Grupa Azoty Puławy and Grupa Azoty Kędzierzyn were carried on as per the respective schedules and contracted volumes.

After the market conditions changed in October 2022, the Grupa Azoty Group companies decided to resume the production of fertilizers, which were offered at substantially lower prices.



IMMEDIATE ENVIRONMENT

Support to local communities

[IR – Presentation of results] [3-3]

We support initiatives, associations and groups that share our ethical values. Every year, we take part in organising hundreds of small and large events which provide local residents with entertainment, education, raise their patriotic awareness, or simply offer them opportunities to enjoy leisure time with their families and friends. We support athletes, sports fans, students, teachers, artists and other groups.

We also instil CSR ideas into our corporate culture, especially through development of our employee volunteering programme dedicated to helping social institutions.





BEST PRACTICE

Employee volunteering

In 2022, we ran edition one of the Employee Volunteering Programme, which was inspired by Green Azoty, the Group's strategic project aimed to develop green products and technologies. Project participants could engage in activities for the local communities, such as projects to develop a specific green area, help arrange a vegetable garden, create serene spaces at a cultural centre, promote a healthy lifestyle, or revamp rooms in kindergartens or schools.

Ten environmental projects initiated in the first edition of the programme engaged over 100 individuals. The volunteers created a vegetable garden with a rainwater retention system on the premises of a kindergarten in Puławy or installed more than 90 nesting boxes and insect houses in the municipality of Police. In 2022, a sensory minigarden was built for people with intellectual disabilities at the Centre for Children with Special Educational Needs in Wierchosławice-Dwudniaki, and bicycle repair stations were installed in Bierawa and Dziergowice (county of Kędzierzyn-Koźle).

Image-building activities with a countrywide or international reach, which boost the public perception of the Grupa Azoty Group, are carried out by the Group's dedicated corporate department based in Tarnów. Each of the companies has in place appropriate social, sponsorship, CSR and donation policies.

[203-1] [own disclosure]

Social and sponsorship activities are governed by the Grupa Azoty Social and Sponsorship Policy, Grupa Azoty Donation Policy, Charity Policy, Grupa Azoty Group CSR Policy, and additional internal documents. All projects undertaken by the four key companies making up the Grupa Azoty Group are carried out with the local community involvement, taking into account impact assessment or development programmes.

[3-3]

The formal basis for our social activities is the Charity Policy, introduced in 2022 to replace the Donation Policy. The Charity Policy is a declaration of our overall attitude, fostering openness to the world around us and other people, as well as a commitment to help those in need. Seeking to be guided by the wellbeing of local communities but also by specific rules, the Grupa Azoty Group developed the Policy as a set of directions to be followed when making corporate donations.

The Group companies prepare quarterly reports on the performance of their plans covering social and sponsorship activities and submit them to Grupa Azoty S.A., which, at the Supervisory Board's request, presents a report on their implementation. The companies provide the Supervisory Board with a report on their sponsorship engagements to fund professional sports, along with other pertinent information regarding any terminated engagements and potential future partnerships. The selected information is then made public, in accordance with the Articles of Association, in the Directors' Report.

[own disclosure]

Total donations to social causes (PLN)

	2021	2022
Grupa Azoty S.A.	332,109	1,261,000
Grupa Azoty PUŁAWY	900,252	1,412,754
Grupa Azoty POLICE	569,457	989,162
Grupa Azoty KĘDZIERZYN	509,178	827,373
Total	2,310,996	4,490,289

[415-1]

In accordance with the Grupa Azoty Group Charity Policy, no political contributions were made directly or indirectly in 2022.

We indirectly support local communities through infrastructure investments and local tax payments. In 2022, total taxes on the operations of the largest Group companies exceeded PLN 132 million.

[203-2]

The Grupa Azoty Group exerts indirect economic impacts on many aspects of the economy. The companies operating our production plants are among the largest employers in their regions, while the taxes we pay help finance projects benefiting local communities. Through innovative practices promoted in agriculture, the Grupa Azoty Group also contributes to furthering the objectives of the European Green Deal with respect to agriculture. For more details, see [Innovations in 2022](#).

Amount of local taxes, by category (PLN)

	Grupa Azoty S.A		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty K
	2021	2022	2021	2022	2021	2022	2021
Property tax	21,049,333	23,399,879	40,805,715	44,487,011	35,115,894	36,427,870	27,230,205
Forestry tax	0	0	2,567	2,986	492	530	7
Vehicle tax	0	0	26,054	26,982	3,122	4,806	6,509
Agricultural tax	1,187	1,246	0	0	3,051	3,185	49
Total	21,050,520	23,401,125	40,834,336	44,516,979	35,122,559	36,436,391	27,236,770

SCROLL TABLE

[203-1]

Investments and services for infrastructure development with positive impacts on local communities in 2022

	Name of significant infrastructure investment	Cost – value (PLN)	Type of support
Grupa Azoty S.A.	Higher Theological Seminary in Tarnów – renovation of the Seminary building	20,000	COMMERCIAL
	Voluntary Fire Brigade in Biała – partial financing of the construction of a new fire engine garage	5,000	PRO BONO
	Voluntary Fire Brigade in Zwiernik – partial financing of the construction of a playground	19,000	PRO BONO
	Voluntary Fire Brigade in Przecław – partial financing of energy retrofit of a building	15,000	PRO BONO
Grupa Azoty PUŁAWY	-	0	-
Grupa Azoty POLICE	Cedynia Culture and Sports Centre – financing of revitalisation of the site surrounding the Monument to Polish Victory at the Oder River, located on Góra Czcibora between Cedynia and Osinów Dolny, and a commemorative plaque to mark the 1050th anniversary of the Battle of Cedynia	199,000	PRO BONO
Grupa Azoty KĘDZIERZYN	Command of the State Fire Service in Kędzierzyn-Koźle: Purchase of firefighting helmets	18,000	PRO BONO
	County of Kędzierzyn-Koźle – partial financing of the repair of sections of the 1477 O and 2056 O county road ul. Mostowa in Kędzierzyn-Koźle	300,000	PRO BONO
	Volunteer Fire Brigade in Długomiłowice: Financial support to purchase an AED to serve the brigade	5,400	PRO BONO
Total		616,400	



Read more about our social and sponsorship policies

The Grupa Azoty Group has adopted a strategic and systematic approach to social responsibility and stakeholder engagement. Our companies are active participants of the local community life, providing support where it is most needed. Our activities are linked directly to the objectives of our ESG strategy, forming part of the Grupa Azoty Group Strategy for 2021–2030. Social well-being is very high on our agenda: initiatives we undertake to promote it are included the strategy's immediate environment pillar, whose objectives are aligned with the UN Sustainable Development Goals 2030.

Activities within these areas are governed by our Social and Sponsorship Policy, which requires that they meet the following criteria:

- investments benefiting the local community, solving social issues, providing charitable assistance in the form of cash or non-cash donations and services, addressed directly to the communities or to charitable organisations, NGOs and non-profit organisations,
- social and sponsorship projects related to local initiatives, often with a supranational, even international, media coverage,
- nationwide and international social and sponsorship projects, going beyond local initiatives,
- building a positive image of the Group as a people and environmentally friendly business,
- building the Group's and its companies' image as socially responsible businesses supporting local initiatives,
- promoting the Grupa Azoty brand by increasing its recognition among those who are not the Group's clients or customers buying its products,
- communicating the Grupa Azoty Group's message to its material stakeholders, with a focus on the importance of high standards of projects and initiatives implemented by the Group,
- building the Group's and its companies' reputation, recognition and favourable perception among the public, particularly in terms of the Group's positive role in solving social and environmental issues of the contemporary world,
- enhancing perception of the regions where the Group operates as attractive places to live, work, pursue passions and fulfil ambitions; offering young people and children the best possible education, health and wellbeing opportunities,
- supporting promotional and commercial activities.

The Group has also implemented the CSR Policy, a framework governing its corporate social responsibility initiatives. These initiatives focus on the following areas:

- environmental protection,
- promotion of knowledge, in particular through conferences, seminars and congresses concerning the broadly based chemical sector and agriculture,
- science and education with particular emphasis on sciences related to the Grupa Azoty Group's business and development of new technologies,
- amateur sport and recreation, including individual sports, sports of children, youth and disabled people,
- supporting economic development, including entrepreneurship,
- other initiatives supporting the development of local communities,
- activities supporting European integration and fostering international contacts and cooperation,
- cultural activities, also in the area of mass culture, arts, and preservation of cultural goods and traditions.



See the Grupa Azoty group's sponsorship and social activities

[2-6]

[2-6]

CENTRAL-LEVEL PROJECTS

- The Grupa Azoty Group enhances its brand recognition by supporting Poland's top athletes. Partnering with a number of nationwide sports events, the Group is best known for its engagement as the Main Partner with the Polish Skiing Association. That has supported the Polish ski jumping team for many years now. The Group's support for winter sports takes various forms, including individual sponsorship contracts (Piotr Żyła, Jakub Wolny) or acting as the main sponsor of major sporting events in Poland (the FIS Ski Jumping World Cup competitions in Wisła and Zakopane).

- The Grupa Azoty Group is a sponsor of Malwina Kopron, a female hammer thrower and bronze medallist of the 2021 Olympic Games.



See Grupa Azoty S.A.'s sponsorship and social activities

[2-6]

[2-6]

In 2022, Grupa Azoty S.A. allocated approximately PLN 580 thousand to sponsorship and social initiatives.



SOCIAL CAMPAIGNS

Development of the region

The Grupa Azoty Group provided support to numerous organisations, including Voluntary Fire Brigades, the Grupa Azoty S.A. Branch of the Polish Tourist and Sightseeing Society (PTTK) in Tarnów-Mościce, the KANON Association, the KANA Catholic Youth Education Centre, and the AZOTY Sports Association of Tarnów.

EDUCATION



Development of education

- Continued long-term partnership with the Technical School Complex in Tarnów as part of which the company hires up to ten students every year, organises job training opportunities and provides assistance in preparing classes, arranging trips and submitting applications for EU funds.
- Cooperation with the Polish Olympians Primary Sport School No. 20 in Tarnów.
- Cooperation with scientific institutions and academic centres.



Development of sports

In 2022, Grupa Azoty S.A. provided support to:

- Roleski Grupa Azoty PWSZ Tarnów Club (volleyball),
- Grupa Azoty Unia Tarnów (handball),
- ZKS Unia Tarnów Sports Club (football),
- Unia Tarnów Żużlowa Sportowa Spółka Akcyjna (speedway).

Grupa Azoty S.A. has under its patronage Poland's largest equestrian event Cavaliada Tour in Poznań. Last year, the tournament comprised 26 competitions, which attracted almost 600 contenders from more than 16 countries.



BEST PRACTICE

Grupa Azoty S.A. announced the first edition of its Grupa Azoty START programme, designed to develop the next generation of athletes and raise young talent through sports and healthy rivalry, with due care taken to foster mutual respect, integrity and respect for fundamental values, particularly those stemming from the principles of fair play. Total financial support of over PLN 370 thousand went to 32 entities in six provinces. The funding was granted to schools and organisations providing sports activities and training to children and youth between the ages of 5 and 19.



Development of culture

In 2022, Grupa Azoty S.A. provided support to:

- ArtContest Artistic Association of Tarnów (Grupa Azoty International Jazz Contest),
- Paderewski Centre in Kąсна Dolna,
- Krzysztof Penderecki European Centre for Music in Luśławice,
- Mościce Art Centre,
- Royal Castle in Warsaw – Museum. The Residence of Kings and the Republic of Poland (a donation to expand the art collection of the Royal Castle in Warsaw).



Protection of life and health

Grupa Azoty S.A. provided support to:

- Polish Red Cross Club of Honorary Blood Donors at Grupa Azoty S.A.,
- Ich Lepsze Jutro (For a Better Tomorrow) Association,
- START Sports Association for People with Disabilities of Tarnów,
- Caritas of the Tarnów Diocese and Caritas of the Kraków Archdiocese.

Grupa Azoty S.A. supported those in need by participating in another edition of the Noble Gift campaign. Our employees prepared Christmas gifts for three families in need. The gifts contained home appliances, food, clothing, children's toys, school supplies, and sweets.

ENVIRONMENTAL PROTECTION



Environmental protection initiatives

- Wildflower meadow and beehives in green areas surrounding the Research and Development Centre of Grupa Azoty S.A. in Tarnów, prepared by students of the General Secondary and Technical School Complex in Wojnicz.



See Grupa Azoty Puławy's sponsorship and social activities

[2-6]

DONATIONS



[2-6]

Donations of Grupa Azoty Puławy totalled PLN 1.4 million, with the key beneficiaries including the Voluntary Fire Brigade in Stary Bidaczów, CHEMIK Society for the Promotion of Physical Culture of Puławy, Roman Catholic Parish of the Assumption of the Blessed Virgin Mary in Puławy, Caritas of the Lublin Archdiocese, and Caritas of the Zamość and Lubaczów Diocese.



Sports and healthy lifestyle

In 2022, Grupa Azoty Puławy supported professional and amateur athletes. Support was provided to the following organisations:

- Azoty-Puławy Handball Club – a team with an excellent track record, currently playing in the PGNiG Superliga handball league, a six-time bronze medallist of the Polish Handball Championship. In 2022, the team came fourth in the ranking table,
- Wsła Puławy Sports Club with a senior football team competing in the second league in the 2021/2022 season. The team ranked fifth in the autumn round of the 2022/2023 season,
- Speedway Motor Lublin, a speedway team competing in the PGE Ekstraliga league, the 2022 Polish championship winner,
- MKS Padwa Zamość – a handball team playing in the first central league,
- LKPS Lublin – Friends of Volleyball Club of Lublin, who competed in the Plus Liga premier league in 2022. In 2022, the team came ninth in the ranking table;
- Powiślak Końskowola Sports Club – an old boys' football team competing in the 4th Lublin league, group 1.

Grupa Azoty Zakłady Azotowe Puławy S.A. contributed to the organisation of martial arts events: STRIFE 2 (Mixed Martial Arts Gala) and Lubelska Gala Sportowa TFL24. The company signed a sponsorship deal with a mixed martial arts fighter Łukasz Siwiec, a resident of Puławy, who won the championship belt of Babilon MMA.

The company also supported initiatives where sports activities were combined with the promotion of patriotic and civic attitudes: Bieg Tropem Wilczym (Wolf's Trail) running event, Bieg Solidarności Lubelski Lipiec 1980 (Lublin Solidarity 1980) running event, and Bieg z Flagą o Puchar Marszałka Województwa Lubelskiego (Run with the Flag – the Lublin Province Marshal Cup) running event.

In 2022, Grupa Azoty Puławy supported amateur athletes by providing funding to sports clubs associated within the Puławy Sports Academy (under a community outreach through sports initiative dedicated to children playing football) and employee sports clubs (Chemik Society for the Promotion of Physical Culture of Puławy and the Company Branch of the Polish Tourist and Sightseeing Society (PTTK)).

EDUCATION



- Collaboration with the Marie Curie-Skłodowska Technical School Complex in Puławy provided students with job training opportunities at the company;
- Collaboration with the Puławy Science and Technology Park in organising 'Santa Claus Joy Show – Chemistry Wonderland', a popular science event for children and youth;
- Prizes for students participating in art, literature and environmental competitions run by local kindergartens and primary schools.



- Continued partnership with the Dom Chemika Puławy Culture Centre, Lublin Music Theatre, Vistula Museum in Kazimierz Dolny as well as St. John the Baptist and St. Bartholomew Roman Catholic Parish in Kazimierz Dolny in the organisation of summer organ concerts;

- Sponsoring the 'Passion' art show performed to mark Easter celebrations held at the Łuczowski square in Chełm in 2022;
- Sponsoring the Sound of Words music and theatre festival in Lublin. Its 2022 edition was held under the slogan 'No to War' and was an artistic expression of protest against the war in Ukraine;
- Supporting initiatives seeking to preserve and promote national traditions, including the Mounted Rifles Festival in Hrubieszów and the Polish Weaponry Festival in Janów Lubelski;
- Supporting important rural community events, including a provincial harvest festival held by the Centre for the Meeting of Cultures at the Radawiec airfield, a county harvest festival in Góra Puławska, Maliniaki Festival in Urzędów, and Kozirynek Fair 2022 in Radzyń Podlaski.

CHARITY



Charitable activities

- Financial and in-kind assistance to counter the effects of the war in Ukraine, provided to institutions involved in organising professional aid to Ukraine and its citizens: Caritas of the Zielona Góra Archdiocese, Caritas of the Zamość-Lubaczów Diocese in Zamość, and the Government Agency for Strategic Reserves;
- Patronage of:
 - the Lessel Festival – a series of concerts held in Puławy;
 - the National Festival of School Anthems;
 - the Christmas Carol Concert in Goraj;
 - the Blacksmith Art Fair blacksmithing workshops;
- Supporting renovation of the historical Czartoryski family's chapel in Puławy;
- Supporting an archaeological project in the village of Opoka initiated by the Końskowola Parish Association for the Protection of Cultural Heritage;
- Involvement in the construction of a monument to Crown Grand Hetman Stanisław Żółkiewski;
- Assisting in the organisation of the 'Discover Zofia Kossak on the 100th Anniversary of Her Literary Debut' conference;
- Co-organisation of the St Nicholas Procession in Lublin.



HEALTH



Health protection

- Provision of funding to the Gift of Life Honorary Blood Donors Club that promotes the idea of honorary blood giving;
- Supporting employees and their relatives who struggle financially or face other personal challenges due to health conditions.

LOCAL COMMUNITIES



Safety

- Financial support of volunteer fire brigades.

SOCIAL CAMPAIGNS



Support to local communities

- Running a campaign to collect Christmas gifts in partnership with the Municipal Social Welfare Centre;
- Collecting plastic bottle caps for charity, at the request from the Puławy hospice;
- Planting of trees and shrubs in the vicinity of the historical Villa Samotnia in Puławy as part of an employee volunteering project run jointly with the Friends of Puławy Association;
- Regular blood donation drives organised by the Gift of Life Honorary Blood Donors Club.



See Grupa Azoty Police's sponsorship and social activities

[2-6]

DONATIONS



[2-6]

The total amount of donations from Grupa Azoty Police was close to PLN 990 thousand.

SOCIAL CAMPAIGNS



Social campaigns

- Continued cooperation with the Useful Ones Social Cooperative supporting individuals with disabilities;
- Providing support to the Social Harmony Association, which helps people with mental disorders, the elderly, individuals with disabilities and addictions and their families.

Supporting employees

- Providing warning vests and reflective bands for employees commuting to work at the company's plant;
- Holding art and photography competitions for employees and their children;
- Organising pre-medical first aid training.



SPORT



Support to sports

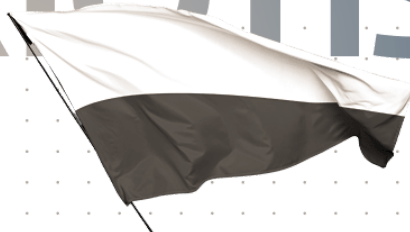
- Sponsorship of the Chemik Police Female Volleyball Club – in the 2021/2022 season, the Grupa Azoty Chemik Police team won Poland's Championship for the tenth time;
- Agreement with the Chemik Police Football Club, which started playing in the 4th league in the 2021/2022 season; The club also runs the certified Police Youth Football Academy training the youngest residents of Police, including children of the company's employees;
- Providing support to the Champion Student Sports Club, whose members are table tennis players of various ages;
- Partnering in the organisation of running events: the 'Wild Weekend', 3rd Janusz Korczak Run, 2nd Independence Run, and Santa Claus Run;
- Acting as a partner of Energy CUP 7, a Brazilian ju-jitsu tournament for children and youth;
- Acting as a partner of the Santa Claus National Mini Volleyball Tournament in the Girls Triples and Boys Triples categories;
- Sponsorship of the 'Quests' educational field games.



Support to culture and mass events

- Acting as a partner of the True Musicians Tournament;
- Organising the Chemist Day, a festival for the company's employees and their families, held as an open event together with the Police Day;
- Organising the Gala of Merit to honour the company's outstanding employees.

PATRIOTISM



Support to national traditions

- Continued partnership with the Foundation for Polish Values, which supports Poles living in the former eastern borderlands.



Health promotion initiatives

- Providing support to the Polish Association of Voluntary Blood Donors – the Henri Dunant Voluntary Blood Donors Club of Police; in 2022, 138 volunteers donated over 60 litres of whole blood during six blood donor sessions hosted on the company's premises.

DONATIONS

- Support to the Feliks Nowowiejski State Music School Complex in Szczecin, to be used to fund awards for winners of the 9th West Pomeranian Clarinet Festival;
- Support for the treatment of a child of a company employee and for Police residents;
- Support provided to company employees to help them participate in sports competitions;
- Financial support for the activities of Caritas of the Szczecin-Kamień Archdiocese;
- Prizes for winners of the 45th Agricultural Knowledge and Skills Competition;
- Prizes for winners of the 'Logistics through the Camera Lens' photography competition organised by the Wtold Pilecki Economic High School in Szczecin;
- Support to the NSZZ Solidarność trade union, to be used to organise rescue service training;
- Funding prizes for winners of the Mathematics in Focus International Photography Competition organised by the University of Szczecin;
- Partial financing of revitalisation of the site surrounding the Monument to Polish Victory at the Oder River;
- Partial financing of a chemical laboratory at Władysław Orkan School Complex No. 2 in Szczecin;
- Support to the local 'Rybak Trzebież' sports club;
- Support to the Basilica of St. John the Baptist Foundation in Szczecin – Remembrance and Gratitude in organising the premiere performance of *Victrix Regina Poloniae*;
- Support to the NSZZ Solidarność trade union's West Pomeranian Region to help it finance the construction of a monument to commemorate participants of the 1971 strikes in Szczecin;
- Support to the Polish Association of the Blind's West Pomeranian Region;
- Support to a successful female weight lifter from the Municipality of Police;
- Support to the Police Association of the University of the Third Age, whose members include retired employees of Grupa Azoty Police;
- Support to the 'Associaca Arte Cultura Capoeira' sports club in Police;
- Support to the Queen of Apostles Hospice in Tarnów.

EDUCATION



Partnerships with educational institutions

- Agreement with the Ignacy Łukasiewicz School Complex in Police, including organisation of apprenticeships for students and industry training for teachers;
- Agreement with School Complex No. 2 in Szczecin, which has started a new programme to train future laboratory technicians;
- Organising specialist training and joint expert teams as part of an engagement with the Faculty of Environmental Management and Agriculture at the West Pomeranian University of Technology in Szczecin;
- Collaborating with the Faculty of Electrical Engineering at the West Pomeranian University of Technology in Szczecin;
- Cooperation agreement with the Academy of Applied Sciences of the University of the Common Knowledge Society and the Poznań University of Technology.



See Grupa Azoty Kędzierzyn's sponsorship and social activities

[2-6]

[2-6]

EDUCATION



Partnerships with educational institutions

- Assistance in the organisation of the 10th Chemistry Masterminds Interschool Chemical Competition at the company's patronage School Complex No. 3 in Kędzierzyn-Koźle;
- Organising a competition for innovative technological and technical projects along with the Marian Górny Prize;
- Assistance for the Youth Brass Orchestra and the establishment of a patronage class for students learning to be inland navigation technicians at the Inland Navigation School Complex in Kędzierzyn-Koźle;
- Three scholarship programmes, with 15 scholarships awarded in 2022:
 - for students of the chemistry class at Nicholas Rej School Complex No. 3 in Kędzierzyn-Koźle;
 - for students learning to become inland navigation technicians at the Heroes of Westerplatte Inland Navigation School Complex in Kędzierzyn-Koźle;
 - for students of agricultural classes at the Władysław Szafer Agricultural Education Centre in Głubczyce;

- for undergraduate and graduate students participating in the Grupa Azoty Brand Ambassador programme.

SOCIAL CAMPAIGNS



Entrepreneurship promotion initiatives

- Assistance in the organisation of the 1st Regional Innovative Solutions – Innovation 2022 Conference ‘Innovation of the Opole Province in the new Green innovations in industry and agriculture programming period’, organised by the Opole Centre for Economic Development – a special issue of the *Chemical Industry* magazine published as part of the post-conference publications dedicated to Grupa Azoty Kędzierzyn;
- Support for:
 - 8th Logistics Scientific Conference in Opole;
 - 5th Symposium on Biotransformations for the Pharmaceutical and Cosmetic Industry in Kroczyce;
 - 10th Congress of Chemical Technology in Wrocław;
 - 8th DISE Energy Congress;
 - ETCC2022 – European Technical Coatings Congress;
 - 28th Business Meetings in Ostrava.

PATRIOTISM



Support for national traditions

- Assisting in the organisation of the Patriotic Week in Kędzierzyn-Koźle, in partnership with the Museum of the Koźle Region;
- Co-organising the celebrations of the National Day of the Silesian Uprisings on Góra Świętej Anny, organised by Wojciech Ciura Senior.



Support for culture and cultural events

- Support for the celebrations of the Dutchy of Koźle Days combined with the Cadet Day in Kędzierzyn-Koźle, organised by the Opolskie Orleńta Foundation;
- Assistance in organising the Day of the City of Kędzierzyn-Koźle, the Book Fair on the Oder and the Fluent Reading campaign;
- Co-organisation of a star unveiling ceremony on the Polish Song Stars Walk of Fame as part of the 2022 National Polish Song Festival in Opole;
- Sponsorship of the 24th ArtCup Equestrian Stars Championship cultural and sporting event organised by LKJ Lewada in Zakrzów;
- Support for the Water and Fire Festival in Nysa;
- Financial and expert assistance in the publication of the 23rd volume of the Kędzierzyn-Koźle Sketches;
- Assistance in the organisation of the 27th Kędzierzyn-Koźle Scientific Seminar entitled 'Kędzierzyn-Koźle. The city of borderlands – borderlands in the city. Historical experience and contemporary times'.



Support for environmental activities

- Implementation of the Responsible Care programme since 1994.





BEST PRACTICE

Responsible Care is a global initiative implemented by the chemical industry. In Poland, it is run under the auspices of the Polish Chamber of Chemical Industry and is implemented by 20 companies from the chemical sector and related industries that take on voluntary commitments to work towards:

- environmental protection,
- health protection,
- process safety.

By implementing the Responsible Care programme, a company can comprehensively mitigate its environmental impacts, improve its working conditions, and increase the operational safety of its production units. The participating companies publicly declare a commitment to improving their environmental performance and disclosing the results of their efforts.

CHARITY



Charitable activities

- Organisation of the 10th edition of the 10 Metres of Sweets charity drive – in which volunteers from Grupa Azoty Kędzierzyn prepared Christmas gifts for ten charity organisations and associations.



Protection of life and health

- Campaigns promoting COVID-19 vaccinations.



Sponsorship of professional sports:

- Continued engagement with Grupa Azoty ZAKSA Kędzierzyn-Koźle; in 2022, for the second consecutive time, the men's volleyball team won the Champions League – the most prestigious volleyball competition in Europe. This victory, combined with winning the Polish Cup and the title of the Polish Champion, gave the team the 'triple crown', its historical success. All these victories translated into the club's, and thus the Grupa Azoty brand's, highest ever earned media value;
- Sponsorship of Bartłomiej Przedwojewski, a mountain runner;
- Sponsorship of the finals of the Golden Helmet speedway tournament in Opole.

Sponsorship of amateur sports:



SAFE AND FRIENDLY WORKPLACE

Our employees

[3-3]

We offer work in the modern chemical industry and support professional development of all our staff members. We want each and every member of our workforce to be able to pursue their ambitions together with the Grupa Azoty Group and feel they can count on the employer's support in advancing their professional careers. We hold ourselves responsible for our employees, and their safety at work is addressed as an absolute priority at each Group company.

Our employees receive an attractive remuneration package, appropriate to their position, skills and responsibilities. We also provide ample benefits and perquisites, as well as full-time employment. Each of our key companies is a prominent and valued employer in its operating region.

The HR management process is set out in detail in collective bargaining agreements – individually drafted and implemented by each company of the Grupa Azoty Group. Matters governed by the agreements include working hours, rules of remuneration, allowances and other pay components, as well as conditions to payment of benefits other than remuneration for work (retirement and death benefits). The HR policy at Grupa Azoty S.A. and Grupa Azoty Police is based on a HR strategy defining our approach to workforce management, which consists of a set of procedures, policies and practices for employee relations. At Grupa Azoty S.A., Grupa Azoty Puławy and most of the Grupa Azoty Puławy Group companies we have also implemented work rules.

The Grupa Azoty Group took the top spot in the Forbes 'Poland's Best Employers 2022' ranking in the 'Oil and Gas Production, Mining, Chemical Industry' category, having moved up one place compared with the previous year's ranking. In the general

ranking, the Grupa Azoty Group took the 17th place.



About our workforce

[2-7]

[2-8]

[401-1]

[405-1]

As at the end of 2022, the Grupa Azoty Group had 15,858 employees, including nearly 10,000 (62.4%) employed at the four largest companies. Compared with 2021, the head count of employees at these companies changed by 40. We always operate in compliance with the Labour Code and employ our staff under employment contracts, with almost 91% of them concluded on an open-ended basis.

[2-7]

Grupa Azoty Group employees by gender and type of contract (head count)

		2021		2022	
		F	M	F	M
Grupa Azoty S.A.	Open-ended contract	639	1,462	632	1,454
	Fixed-term contract	16	38	26	35
	Total	655	1,500	658	1,489
Grupa Azoty PUŁAWY	Open-ended contract	718	2,600	704	2,599
	Fixed-term contract	77	229	89	254
	Total	795	2,829	793	2,853
Grupa Azoty POLICE	Open-ended contract	500	1,827	504	1,768
	Fixed-term contract	44	146	49	194
	Total	544	1,973	553	1,962
Grupa Azoty KĘDZIERZYN	Open-ended contract	394	988	405	972
	Fixed-term contract	65	115	82	130
	Total	459	1,103	487	1,102
Total		2,453	7,405	2,491	7,406
		9,858		9,897	

Grupa Azoty Group employees by gender and working time arrangement (head count)

		2020		2021	
		F	M	F	M
Grupa Azoty S.A.	Part-time	3	6	4	8
	Full-time	652	1,494	654	1,481
	Total	655	1,500	658	1,489
		2,155		2,147	
Grupa Azoty PUŁAWY	Part-time	2	0	3	0
	Full-time	793	2,829	790	2,853
	Total	795	2,829	793	2,853
		3,624		3,646	
Grupa Azoty POLICE	Part-time	3	1	3	1
	Full-time	541	1,972	550	1,961
	Total	544	1,973	553	1,962
		2,517		2,515	
Grupa Azoty KĘDZIERZYN	Part-time	3	1	4	1
	Full-time	456	1,102	483	1,101
	Total	459	1,103	487	1,102
		1,562		1,589	
Total		2,453	7,405	2,491	7,406
		9,858		9,897	

The tables above present the employment level as at December 31st 2021 and December 31st 2022 and include only employees working under employment contracts, excluding any staff working under civil law contracts (i.e. fee-for-task agreements, managerial contracts and agreements with management board members) and personnel on unpaid, parental or rehabilitation leave. The data is presented in head count. In 2022, the Group did not employ anyone without guaranteed working hours. There were no significant changes in the head count numbers between the reporting periods.

[2-8]

Grupa Azoty Group other workers by gender and type of contract (head count)

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2022							
	F	M	F	M	F	M	F	M
Fee-for-task agreements	7	33	6	7	10	5	5	9
Contract for specific work	0	1	0	2	0	0	0	1
Services agreement (self-employment, B2B)	0	3	0	0	0	0	0	0
Managerial contract	0	7	11	22	0	0	0	7
Agency workers	0	0	8	2	0	0	0	0
Unpaid graduate traineeship agreement	0	0	0	0	0	0	37	29
Internships provided in cooperation with county job centres	0	0	3	1	0	0	1	0
Total	7	44	28	34	10	5	43	46
	51		62		15		89	

The table above presents data on other workers, i.e. individuals performing work for the company under civil law contracts, as at December 31st 2022. The data is presented in head count. In the case of internship and traineeship contracts concluded with students, their main purpose is to promote the company at universities, in academic circles and beyond. In other cases, the type of work performed varies depending on the organisation's current needs and may include such tasks as editing texts for the website or writing articles about brands manufactured by the Group. There were no significant changes in the head count numbers between the reporting periods.

[405-1]

Governing bodies and employees by gender and age group¹

There were no significant changes in the workforce structure relative to 2021 at any of our leading companies. The largest group of our employees are blue-collar male workers aged 30 to 50. Women account for a majority (95%) of laboratory staff and 33% of the staff employed as managers. The share of women in senior management positions is over 24%. In 2022, persons aged between 30 and 50 represented a majority of the workforce at each main company of the Grupa Azoty Group. The second largest group were employees aged 50 or older.

¹ For the sake of data consistency, GRI 405-1 includes only employees working under employment contracts, excluding any staff working under civil law contracts (i.e. contracts for a specific work, managerial contracts and contracts with management board members). Liczba pracowników z uwzględnieniem płci i struktury zatrudnienia

Number of employees by gender and employee category

	Grupa Azoty S.A.				Grupa Azoty PUŁAWY				Grupa Azoty POLICE				
	2021		2022		2021		2022		2021		2022		
	F	M	F	M	F	M	F	M	F	M	F	M	F
Machinery operators	30	550	26	526	14	1,081	12	1,081	8	1,151	6	1,143	20
Other blue-collar jobs	44	435	41	433	94	953	87	989	72	350	69	354	21
Managers	41	77	42	91	54	123	53	119	26	83	28	79	4
Laboratory staff	194	12	199	13	181	1	180	2	180	8	180	6	11
Supervisors	11	108	11	101	19	243	17	243	17	128	17	129	8
Senior staff	148	85	143	81	124	46	123	43	6	0	7	0	8
Specialist staff	178	205	188	215	291	337	301	332	230	231	241	229	15
Senior management	9	28	8	29	18	45	19	45	5	22	5	22	5
Total	655	1,500	658	1,489	795	2,829	792	2,854	544	1,973	553	1,962	45
	2,155		2,147		3,624		3,646		2,517		2,515		

SCROLL TABLE

Management Board composition by gender (number and percentage) as at December 31st 2022

	Grupa Azoty S.A.				Grupa Azoty PUŁAWY				Grupa Azoty POLICE				Grupa Azoty KĘDZIERZYN			
	2021		2022		2021		2022		2021		2022		2021		2022	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Number	0	7	0	7	0	4	2	3	1	3	1	3	0	5	0	
Percentage (%)	0	100	0	100	0	100	40	60	25	75	25	75	0	100	0	

SCROLL TABLE

Supervisory Board composition by gender (number and percentage) as at December 31st 2022

	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2022		2022		2022		2022	
	F	M	F	M	F	M	F	M
Number	2	7	1	5	4	2	1	6
Percentage (%)	22.2	77.8	16.7	83.3	66.7	33.3	14.3	85.7

[405-1]

Percentage of employees by gender and employee category (%)

	Grupa Azoty S.A.				Grupa Azoty PUŁAWY				Grupa Azoty POLICE			
	2021		2022		2021		2022		2021		2022	
	F	K	F	K	F	K	F	K	F	K	F	K
Machinery operators	25.52	1.39	24.5	1.21	29.83	0.39	29.65	0.33	45.73	0.32	45.45	0.24
Other blue-collar jobs	20.19	2.04	20.17	1.9	26.30	2.59	27.12	2.39	13.91	2.86	14.08	2.75
Managers	3.57	1.90	4.24	1.96	3.39	1.49	3.26	1.45	3.30	1.03	3.14	1.11
Laboratory staff	0.56	9.00	0.61	9.28	0.03	4.99	0.05	4.94	0.32	7.15	0.24	7.16
Supervisors	5.01	0.51	4.71	0.51	6.71	0.52	6.67	0.47	5.09	0.68	5.13	0.68
Senior staff	3.94	6.87	3.78	6.66	1.27	3.42	1.18	3.37	0.00	0.24	0	0.28
Specialist staff	9.51	8.26	10.01	8.76	9.30	8.03	9.1	8.26	9.18	9.14	9.11	9.58
Senior management	1.30	0.42	1.35	0.37	1.24	0.50	1.23	0.52	0.87	0.20	0.88	0.2

SCROLL TABLE

Percentage of employees by age and employee category (%)

		Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Position	Age	2021	2022	2021	2022	2021	2022	2021	2022
Machinery operators	<30	1.48	1.07	3.67	3.18	8.18	8.83	2.56	2.0
	30–50	12.67	10.43	18.82	18.6	26.50	26.36	23.37	23.1
	50+	12.76	14.21	7.73	8.2	11.36	10.5	17.61	17.3
Other blue-collar jobs	<30	2.69	2.38	2.26	2.61	2.42	2.54	0.26	0.3
	30–50	8.96	8.71	14.65	15.11	8.78	9.58	4.42	4.1
	50+	10.58	10.99	11.98	11.79	5.56	4.69	3.65	3.6
Managers	<30	0.09	0.14	0.00	0.00	0.00	0.04	0.00	0.0
	30–50	3.02	3.31	2.04	1.78	2.70	2.9	3.71	3.9
	50+	2.37	2.75	2.84	2.93	1.63	1.31	3.01	3.0
Laboratory staff	<30	1.44	1.58	0.75	0.88	1.35	1.27	2.05	2.0
	30–50	3.06	2.7	2.10	2.19	4.17	4.14	2.94	3.0
	50+	5.06	5.59	2.18	1.92	1.95	1.99	3.14	2.8
Supervisors	<30	0.05	0.05	0.00	0.00	0.04	0.08	0.13	0.0
	30–50	1.95	1.68	3.45	3.13	3.89	4.02	2.62	2.3
	50+	3.53	3.49	3.78	4.00	1.83	1.71	3.01	3.3
Senior staff	<30	0.97	0.7	0.33	0.16	0.08	0.08	1.73	2.1
	30–50	4.04	4.29	2.46	2.33	0.12	0.16	5.19	4.5
	50+	5.80	5.45	1.90	2.06	0.04	0.04	1.34	1.2
Specialist staff	<30	0.28	0.61	0.55	0.52	1.23	1.39	0.26	0.6
	30–50	11.51	12.11	11.18	11.00	11.40	11.69	11.08	12.1
	50+	5.99	6.05	5.60	5.84	5.68	5.61	6.66	6.6
Senior management	<30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
	30–50	1.25	1.21	0.72	0.69	0.64	0.6	1.02	0.8
	50+	0.46	0.51	1.02	1.07	0.44	0.48	0.26	0.3

SCROLL TABLE

Percentage of Management and Supervisory Board members by age (%)

		Grupa Azoty S.A.			Grupa Azoty PUŁAWY			Grupa Azoty POLICE			Grupa Azoty KĘDZIERZYN		
		2022			2022			2022			2022		
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	SCROLL TABLE
Management Board	Number	0	6	1	0	3	2	0	4	0	0	4	
	Percentage (%)	0	85.7	14.3	0	60	40	0	100	0	0	80	
Supervisory Board	Number	0	7	2	0	4	0	0	3	3	0	6	
	Percentage (%)	0	77.7	22.3	0	100	0	0	50	50	0	85.7	

[401-I]

New employee hires and employee turnover

New hires by gender and age

	Rok	2021				2022			
	Płeć	K		M		K		M	
Grupa Azoty S.A.	<30	0	0%	10	38%	14	28.57%	8	8.7%
	30–50	17	94%	14	54%	18	6.27%	43	6.4%
	50+	1	6%	2	8%	3	0.93%	3	0.4%
	Suma	18	12%	26	7%	35		54	
Grupa Azoty PUŁAWY	<30	18	46%	32	31%	10	22.73%	46	20.5%
	30–50	20	51%	65	63%	28	6.88%	76	4.7%
	50+	1	3%	6	6%	3	0.88%	6	0.5%
	Suma	39	26%	103	29%	41		128	
Grupa Azoty POLICE	<30	16	33%	71	50%	19	31.67%	104	34.9%

	Rok	2021				2022				SCROLL
	30–50	32	65%	67	47%	30	8.33%	92	8.11%	
	50+	1	2%	4	3%	0	0%	11	2.08%	
	Suma	49	33%	142	40%	49		207		
Grupa Azoty KĘDZIERZYN	<30	16	38%	20	24%	20	31.25%	13	25%	
	30–50	24	57%	57	68%	32	12.17%	49	8.18%	
	50+	2	5%	7	8%	3	1.88%	10	2.22%	
	Suma	42	28%	84	24%	55		72		
Suma <30		50	34%	133	37%	80	36.87%	201	30.2%	
Suma 30–50		93	63%	203	57%	91	230	6.91%	5.76%	
Suma 50+		5	3%	19	5%	9	30	0.94%	1.09%	
Suma		148	29%	355	71%	180	7.23%	461	6.22%	

Total number of terminations and employee turnover by gender and age

	Year	2021				2022			
	Gender	K		M		K		M	
Grupa Azoty S.A.	<30	2	6%	11	15%	0	0%	3	3.3%
	30–50	11	34%	17	23%	3	1.05%	15	2.2%
	50+	19	59%	47	63%	25	7.76%	48	6.5%
	Total	32	19%	75	20%	28		66	
Grupa Azoty PUŁAWY	<30	2	4%	7	8%	1	2.27%	7	3.1%
	30–50	19	32%	18	22%	16	3.94%	31	1.9%
	50+	38	65%	58	70%	29	8.48%	62	5.9%
	Total	59	36%	83	23%	46		100	
Grupa Azoty POLICE	<30	3	8%	25	16%	2	3.33%	43	14.4%
	30–50	11	29%	45	29%	15	4.17%	69	6.0%

SCROLL TABLE

	Year	2021				2022			
	50+	24	63%	86	55%	25	18.80%	105	19.8
	Total	38	23%	156	43%	42		217	
Grupa Azoty KĘDZIERZYN	<30	2	6%	6	12%	3	4.69%	7	13.4
	30–50	4	11%	9	17%	10	3.80%	25	4.1
	50+	50	83%	37	71%	14	8.75%	41	9.0
	Total	36	22%	52	14%	27		73	
Total <30		9	5%	50	14%	6	2.76%	60	9.0
Total 30–50		45	27%	90	25%	44	3.34%	140	3.5
Total 50+		111	67%	226	62%	93	9.72%	256	9.3
Total		165	31%	366	69%	143	5.74%	456	6.1

The higher number of terminations in the 50+ age group is mostly due to retirement decisions.



What we provide to our employees

[3-3] [202-1] [401-2]

[3-3]

Remuneration offered to employees of the key Group companies is higher than the minimum wage. Employees holding entry-level jobs at our Group may expect, depending on the company, monthly pay that exceeds the minimum wage by up to 80%. The year-on-year decrease in remuneration of the Group's employees relative to the minimum wage in 2022 (compared with the remuneration data for 2021) is attributable to a statutory increase of the minimum wage in Poland.

[202-1]

Ratios of standard entry level wage by gender compared to local minimum wage²

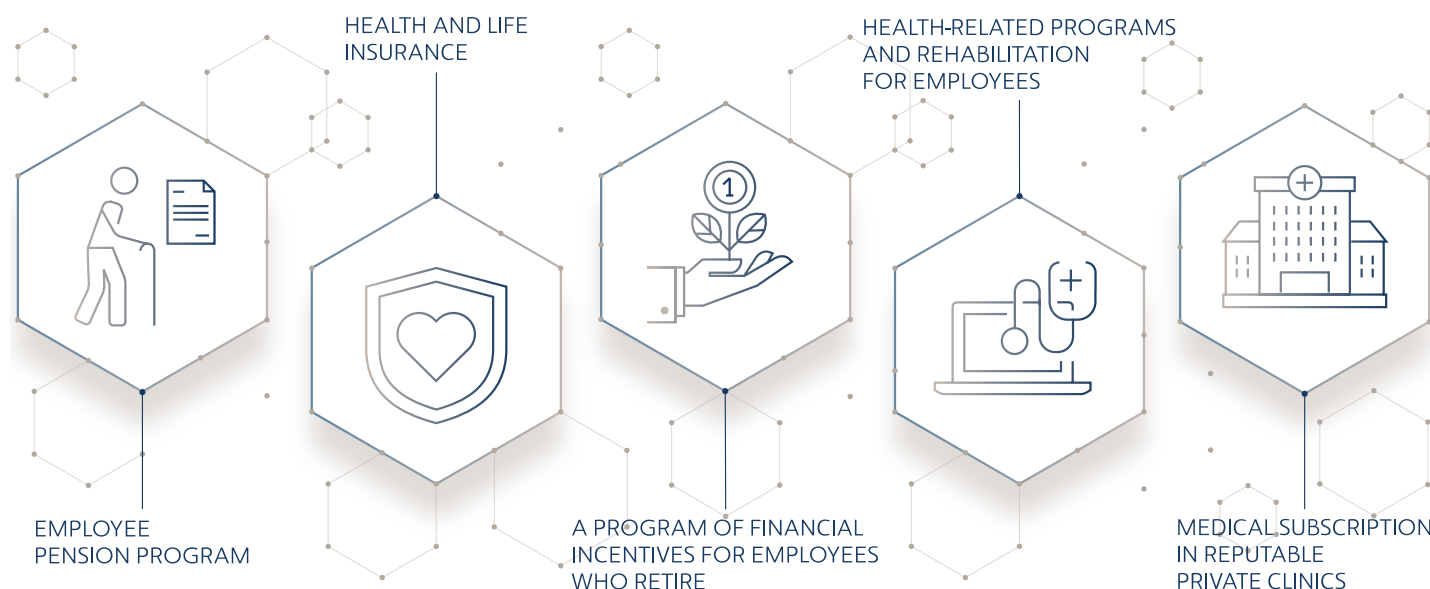
	F		M	
	2021	2022	2021	2022
Grupa Azoty S.A.	2.01	2.13	1.98	1.8
Grupa Azoty PUŁAWY	1.55	1.55	1.60	1.61
Grupa Azoty POLICE	1.77	1.80	1.27	1.75
Grupa Azoty KĘDZIERZYN	1.71	1.97	2.60	1.26

² Ratio calculated as the average wage for an entry-level job (with entry-level jobs understood as 'other blue-collar jobs') compared to the minimum wage in Poland (where the reported companies operate) in the year stated. In 2021, the minimum wage in Poland was PLN 2,800, but was increased to PLN 3,010 in 2022.

The remuneration of individuals providing services to the Grupa Azoty Group under civil-law contracts has been aligned with the applicable minimum wage regulations.

[401-2]

Employee benefits



We offer an attractive package of employee benefits at the Grupa Azoty Group. Each of our companies individually tailors its package to the needs of employees.

Grupa Azoty S.A. provides its full-time employees with:

- Employee Pension Scheme, which at the end of 2022 covered 1,804 employees,
- Access to private medical care, comprising primary care and specialist services. In 2022, 1,733 employees were covered by the medical care plan;
- Group life insurance – the insurance is not co-funded by the employer, but the monthly premiums and insurance benefits negotiated by tender are preferential to the Group's employees. In 2022, 3,259 employees and their family members were covered by the group life insurance;
- Benefits under the Social Benefits Fund:
 - financial assistance – emergency cash,
 - emergency cash for employees, pensioners, persons on pre-retirement benefits and children of eligible persons,
 - holiday allowance for employees, employees' children, former employees, including:
 - holiday allowance for employees,
 - holiday allowance for pensioners, and persons on pre-retirement benefits,
 - allowance for therapeutic holidays in a sanatorium purchased individually by eligible persons,
 - allowance for children's summer and winter camps, residential trips, holidays, therapeutic holidays in a sanatorium and physical therapy holidays,
 - loans – repayable aid
 - home loans;
 - grants for cultural, educational, sports and recreational activities, including:

- cultural, sports and recreation events,
- use of swimming pools and other sports facilities,
- Christmas events and purchase of Santa Clause gifts for children,
- employee trips,
- financing of corporate events for employees, old-age and disability pensioners, and persons on pre-retirement benefits
- financial assistance around Christmas/Easter
 - vouchers and financial assistance to prepare for Christmas/Easter for pensioners and persons on pre-retirement benefits.

Grupa Azoty Puławy provides its full-time employees with:

- Group life insurance. The insurance is not funded by the Group, but the negotiated monthly premiums are preferential to its employees. At the end of 2022, 3,372 employees and 1,462 family members were covered by the insurance, adding up to a total of 4,834 insured persons;
- Private healthcare package comprising primary medical care and specialist services. As at the end of 2022, 3,010 employees and 2,849 family members were covered by the medical care plan, adding up to a total of 5,859 persons;
- Employee Capital Plan (PPK) – at the end of 2022, PPK had 1,079 participants;
- Benefits under the Social Benefits Fund:
 - financial assistance – emergency cash,
 - emergency cash for employees, pensioners, persons on pre-retirement benefits and children of eligible persons,
 - holiday allowance for employees,
 - holiday allowance for pensioners, and persons on pre-retirement benefits,
 - allowance for therapeutic holidays in a sanatorium purchased individually by eligible persons,
 - allowance for children’s summer and winter camps, residential trips, holidays, therapeutic holidays in a sanatorium and physical therapy holidays,
 - loans – repayable aid
 - home loans;
 - grants for cultural, educational, sports and recreational activities, including:
 - cultural, sports and recreation events,
 - use of swimming pools and other sports facilities,
 - Christmas events and purchase of Santa Clause gifts for children,
 - employee trips,
 - financing of ‘Spartakiads’ – an event for employees, old-age and disability pensioners, and persons on pre-retirement benefits,
 - financial assistance around Christmas/Easter
 - financial assistance to prepare for Christmas/Easter for pensioners and persons on pre-retirement benefits.

Grupa Azoty Police provides its full-time employees with:

- Access to private healthcare, comprising primary medical care and specialist services with a dental package. At the end of 2022, 1,882 employees and 1,267 family members were covered by the medical care plan, making up a total of 3,149 people.
- Employee Pension Scheme – the number of the scheme participants at the end of 2022 was 1,871 (including 58 suspended participants¹).
- Life insurance – the insurance is not funded by the Group, but the negotiated monthly premiums are preferential to its employees. At the end of 2022, 4,320 employees and their family members were covered by the insurance;
- Benefits under the Social Benefits Fund:
 - financial assistance – emergency cash,
 - emergency cash for employees and pensioners,
 - holiday allowance for employees,
 - holiday allowance,
 - holiday grants for employees’ children,
 - loans – repayable aid
 - home loans;

- financial assistance around Christmas/Easter
 - purchase of Christmas gifts/vouchers for children,
 - prepaid gift card top-ups before Easter, Chemists' Day and Christmas.

¹ The suspension was due to a lack of remuneration as the employees were on unpaid, parental or sick leave.

Grupa Azoty Kędzierzyn provides its full-time employees with:

- Additional medical insurance – as at the end of 2022, 1,388 employees and 1,571 family members were covered by the insurance, adding up to a total of 2,959 insured persons.
- Employee Pension Scheme – at the end of 2022, the number of the scheme participants was 1,260;
- Health promotion programmes – in the period March to November 30th 2022, 814 employees benefited from the preventive health promotion programmes;
- Partial reimbursement of upskilling expenses – six employees received a tuition refund;
- Additional hours and days off – after six months of uninterrupted employment at the company; a precondition for such additional leave was the use of outstanding holiday leave;
- Option to work shorter hours on September 1st 2022;
- Work-Life Balance counselling project offering employees free psychological advice,
- Fruity Wednesdays – an initiative of a Grupa Azoty Kędzierzyn employee, running from the beginning of summer holidays to the end of 2022. The fruit was sourced from a local farm in Grudynia Wielka. While taking care of the health of its employees, Grupa Azoty Kędzierzyn supports local farmers and fosters their ties with the Grupa Azoty Group;
- Benefits under the Social Benefits Fund:
 - finance assistance
 - emergency cash for employees, pensioners, persons on pre-retirement benefits,
- holiday allowance for employees, employees' children, former employees, including:
 - holiday allowance for employees,
 - allowance for children's summer and winter camps, residential trips, holidays, therapeutic holidays in a sanatorium and physical therapy holidays,
- grants for cultural, educational, sports and recreational activities, including:
 - use of swimming pools and other sports facilities,
- financial assistance around Christmas/Easter
 - purchase of Santa Clause gifts for employees' children,



SAFE AND FRIENDLY WORKPLACE

Professional development

[3-3] [404-2]

We offer training tailored to various job descriptions and needs of each company. We also strictly adhere to the rules applicable to individual job positions and required licences. We ensure their timely and regular renewal so that our employees possess up-to-date knowledge.

Grupa Azoty S.A.

Grupa Azoty S.A. provides:

- individual and collective training,
- foreign language courses,
- purchase of e-learning courses.

In accordance with the collective bargaining agreement, an employee retiring due to illness or on reaching the retirement age is entitled to a one-off retirement benefit in an amount depending on their length of service. Where an employee terminates the employment contract due to retirement in the year and month of acquiring pension rights, the benefit is doubled.

Grupa Azoty Puławy

Grupa Azoty Puławy has in place a Professional Skills Development Programme which sets out rules for transferring knowledge and skills to blue-collar staff. The Programme aims to:

- boost productivity,
- raise employees' expertise and skills,
- strengthen the knowledge sharing process,
- reduce overtime,
- ensure greater diversity of work for employees,
- provide employees with development opportunities,
- establish transparent rules for assessing staff's skills and improving their knowledge,
- link the knowledge and skills with pay level,
- create opportunities for horizontal or vertical staff promotion.

Grupa Azoty Police

At Grupa Azoty Zakłady Chemiczne Police S.A., staff skills development is carried out in accordance with an approved training plan for the calendar year, designed to ensure a rational and effective training process for the company's staff and to fill all positions with optimally qualified personnel.

Grupa Azoty Zakłady Chemiczne Police S.A. is actively taking measures to implement a human resources development policy that would ensure an optimal level of technical and functional competencies aligned with the company's current requirements and facilitate the execution of its growth strategy.

The company cultivates favourable working conditions by undertaking staff upskilling projects. The Professional Skills Development Programme, which sets out the rules for transferring knowledge and skills among employees, is primarily designed to:

- enable employees to gain new knowledge and skills that can be applied in their current or new positions,
- provide employees with development and promotion opportunities,
- boost productivity,
- strengthen the process of learning and sharing knowledge among employees.

Moreover, the company promotes self-improvement among its workforce by offering diverse training programmes and language courses.

The company does not operate any assistance schemes for employees who retire or have been laid off.

Grupa Azoty Kędzierzyn

In 2022, the Grupa Azoty Kędzierzyn:

- maintained solutions designed to provide specific training programmes in the online format,
- introduced internal training on the procedures and regulations in place at the company, including those concerning legal compliance and contractor sanction checks,
- made changes to the tuition and upskilling cost reimbursement arrangements – starting from 2022, employees with fixed-term contracts can also seek reimbursement for learning expenses and submit applications for approval of their upskilling plans,
- the company's Management Board agreed to grant additional rights to employees pursuing their implementation doctorates.

In 2022, the completion rate of the training plan at Grupa Azoty Kędzierzyn was 115.60%. 65% of the training courses, both individual and group sessions, were conducted online, which led to a substantial reduction in expenses associated with business travel, while making it possible to train significantly more employees.

The company operates a financial incentive scheme designed specifically for retiring personnel. Its participants are entitled to a financial allowance equal to 150% of the fixed component of their remuneration, payable with their last salary. It is available to employees who meet all of the following conditions:

- are employed under open-ended contracts,

- have acquired their first pension entitlement or will acquire it in the following year,
- at the declared date of termination of their employment relationship, they will be entitled to retire early or will hold statutory pension or bridge benefit entitlements,
- their employment contract has been terminated, pending expiry of the notice period.

[404-1]

In 2022, the average number of training hours at the four main companies of the Grupa Azoty Group was 9.63 per male employee and 7.06 per female employee, which means a year-on-year increase of 37.5pp and 7pp, respectively.

We offer clear career paths to our employees and support their professional ambitions. Our Group is constantly looking for people who are eager to learn, talented and aspiring to contribute to the creation of a modern chemical industry in Poland.



BEST PRACTICE

Support for staff approaching retirement

In 2022, Grupa Azoty Police arranged workshops for future retirees under the 'SMARTCOMBO – plan your future with us' project. The initiative is a response to a serious social problem, namely the feeling of emptiness experienced by some retired individuals. The workshops were an opportunity for persons about to retire to plan their future lives, discovering their talents and interests. The workshops gave participants the necessary knowledge and tools allowing them to identify their needs related to retirement.

[404-1]

Average number of training hours per employee by gender

Year	Gender	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Average
2021	F	8.53	3.48	8.14	7.42	6.60
	M	9.63	3.48	8.14	7.42	7.06

TABLE

Year	Gender	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Average
	M	7.85	5.30	10.52	3.91	7.00
2022	F	7.4	6.50	8.6	6.21	7.06
	M	6.2	8.92	13.32	9.60	9.63

SCROLL

Average number of training hours per employee by type of position

Position	Structure level	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	Year	2021	2022 ¹	2021	2022	2021	2022	2021	2022
Machinery operators		2.93	4.0	3.09	F:2.42 M:5.97	9.43	F: 0.00 M: 9.60	2.42	F: 3.4 M: 9.6
Other blue-collar jobs		1.00	5.1	5.63	F: 0.48 M: 11.58	10.17	F: 4.11 M: 27.37	2.74	F: 0.4 M: 7.0
Managers		31.56	12.0	8.36	F: 11.04 M: 11.12	17.75	F: 19.93 M: 10.87	10.22	F: 18.0 M: 13.0
Laboratory staff		5.63	4.7	0.09	F:2.61 M: 0.00	6.76	F: 6.22 M:20.0	2.43	F: 2.0 M: 1.0
Supervisors		0.50	0.1	3.35	F:2.94 M:9.62	11.02	F: 1.41 M:11.62	0.89	F: 28.0 M: 9.0
Senior staff		16.41	7.8	1.88	F: 2.24 M: 9.77	0.00	F: 0.00 M: 0.00	15.64	F: 5.0 M: 17.0
Specialist staff		11.65	11.5	7.50	F: 11.29 M: 7.58	10.56	F: 9.94 M: 10.09	7.11	F: 5.0 M: 8.0
Senior management		52.97	12.4	17.11	F: 15.63 M:21.73	10.67	F: 5.6 M: 28.0	13.40	F: 21.0 M: 15.0
Average		4.94	6.6	9.96	8.4	4.90	8.4	15.33	8.5

SCROLL TABLE

¹ The company does not have an IT system to aggregate data according to the specified parameters.

[404-3]

Percentage of employees receiving regular performance and career development reviews in 2022

	Grupa Azoty S.A.				Grupa Azoty PUŁAWY				Grupa Azoty POLSKA		
Position	Number of employees receiving regular performance and career development reviews		Percentage of employees receiving regular performance reviews, by gender (%)		Number of employees receiving regular performance and career development reviews		Percentage of employees receiving regular performance reviews, by gender (%)		Number of employees receiving regular performance and career development reviews		Percentage of employees receiving regular performance reviews, by gender (%)
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Machinery operators	26	526	100	100	0	0	0	0	7	1,208	100
Other blue-collar jobs	41	433	100	100	0	0	0	0	74	369	100
Managers	42	91	100	100	0	0	0	0	25	82	89.2
Laboratory staff	199	13	100	100	0	0	0	0	185	8	100
Supervisors	11	101	100	100	0	0	0	0	16	124	94.1
Senior staff	143	81	100	100	0	0	0	0	8	0	100
Specialist staff	188	215	100	100	0	0	0	0	235	228	97.5
Senior management	8	29	100	100	0	0	0	0	0	0	0

SCROLL TABLE



SAFE AND FRIENDLY WORKPLACE

Equality, diversity, openness

[3-3]

We seek to build diverse teams in terms of gender, education, age and professional experience, encompassing both our operational staff and corporate authorities, including key managers. Diversity flourishes in an atmosphere of respect, a core value highlighted by the Grupa Azoty Group Code of Ethical Conduct. We understand respect as refraining from any acts or decisions and from making any statements that could violate another person's dignity. It also entails a duty to respect any nationality, race, gender, age, disability, religion, political views, sexual orientation, as well as different beliefs and opinions.

We do not tolerate any forms of discrimination and bullying. We adhere to the regulations outlined in the Labour Code, with its anti-discrimination provisions reflected in our internal documents.





BEST PRACTICE

The Articles of Association of our Group companies define the rules of appointment to the Management Board and election of Management Board members by employees. The collective bargaining agreement sets out the employment and promotion criteria for managerial positions, which are based on a competence model and psychological tests verifying a candidate's leadership aptitude. Also the company's work rules contain a section devoted to equal treatment in employment.

Any report of discriminatory or bullying behaviour is thoroughly investigated. If confirmed, those responsible may face severe legal and disciplinary consequences, irrespective of their position.

At all the key Group companies, natural pay variance is not discriminatory, as we never offer different remuneration based on gender.

[GPW S-P2]

Gender pay gap¹

	2021	2022
Grupa Azoty S.A.	5.12%	6.33%
Grupa Azoty PUŁAWY	7.63%	1.51%
Grupa Azoty POLICE	6.66%	4.5%
Grupa Azoty KĘDZIERZYN	9.66%	8.57%

¹The gender pay gap ratio is calculated as the difference between the average monthly remuneration of men and women employed under employment or managerial contracts (including bonuses, awards and other allowances). The ratio covers staff employed under employment and managerial contracts.

[405-2]

Ratio of average gross pay of women to men²

Position	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
	2021	2022	2021	2022	2021	2022	2021	2022

Position	Grupa Azoty S.A.		Grupa Azoty PUŁAWY		Grupa Azoty POLICE		Grupa Azoty KĘDZIERZYN	
Machinery operators	91.42	97.75	97.24	102.42	91.38	105.68	106.89	105.3
Other blue-collar jobs	101.88	102.66	76.89	87.48	80.89	84.61	65.68	83.1
Managers	99.30	101.14	96.11	94.17	104.04	104.63	90.02	93.4
Laboratory staff	107.13	106.50	90.50	115.33	84.62	101.30	110.86	101.6
Supervisors	87.41	94.74	95.96	97.00	82.79	83.16	81.92	86.1
Senior staff	85.38	89.60	82.94	87.73	-	-	87.31	93.4
Specialist staff	90.95	95.10	88.30	94.86	82.23	86.85	90.12	91.2
Senior management	85.59	82.76	106.06	102.66	123.44	108.93	122.11	118.8

SCROLL TABLE

² The ratio was calculated taking into account bonuses and awards paid during the year, excluding length-of-service awards.

[203-2]

In accordance with applicable regulations, contributions to the State Fund for Rehabilitation of the Disabled are paid by all employers who have at least 25 employees, with less than 6% of them being disabled. The largest portion of those funds are transferred directly to employers as wage subsidies. The Fund also supports disabled individuals, non-governmental organisations working for people with disabilities, and specialist projects, such as occupational therapy workshops or social economy initiatives, e.g. occupational activity centres.

[Own disclosure]

Total annual contributions to PFRON – the State Fund for Rehabilitation of the Disabled (PLN)

	2021	2022
Grupa Azoty S.A.	2,771,812	3,264,729
Grupa Azoty PUŁAWY	3,970,906	5,285,195
Grupa Azoty POLICE	2,997,670	3,462,532
Grupa Azoty KĘDZIERZYN	1,119,321	1,383,450
Total	10,859,709	13,395,906



SAFE AND FRIENDLY WORKPLACE

Employee safety

[3-3] [403-1] [403-8]

All employees and other individuals providing work to the Group are covered by a comprehensive occupational health and safety management system, based on ISO 45001:2018, which highlights in particular:

- OHS risk assessment,
- preventive health care and prevention of accidents,
- collecting and using information on incidents other than accidents,
- enabling all stakeholders, including employees and social partners, to take safety improvement measures (in a consultative and participative process).

The OHS function at each Grupa Azoty Group company performs regular inspections and participates in accident and emergency teams. Any hazards or accidents reported by employees in electronic or paper form are closely reviewed. A register of hazards, near-miss incidents and observations is maintained and updated in an online database. In order to prevent any unsafe situations, the companies share information by posting lessons learnt from near-miss incidents on an online platform.

[403-10]

In 2022, we did not identify any work-related ill health at the Grupa Azoty Group. Work-related ill health comprises the occupational diseases specified in the Labour Code. Hazards that pose an occupational disease risk are associated with the use of

hazardous substances, excessive noise, or dust. The list of hazards has been drawn up on the basis of risk assessments and measurements carried out at the plants. The companies monitor those hazards, carry out relevant inspections and provide training to minimise their impact.

¹ The data, sourced from the OHS systems in place at the companies, cover all employees and individuals providing work to the Grupa Azoty Group.

[403-8]

Workers covered by the occupational health and safety management system²

2022	Employees	Workers	Percentage of all employees (%)	Percentage of all workers (%)	Percentage of employed (employees and workers who are not employees) (%)
Number of all individuals covered by the occupational health and safety (OHS) management system	9,898	217	100.0	100	100
Grupa Azoty S.A.	2,147	51	100.0	100.0	100.0
Grupa Azoty PUŁAWY	3,647	62	100.0	100.0	100.0
Grupa Azoty POLICE	2,515	15	100.0	100.0	100.0
Grupa Azoty KĘDZIERZYN	1,589	89	100.0	100.0	100.0
Number of all individuals covered by the occupational health and safety (OHS) management system subject to external audit	9,898	217	100.0	100.0	100.0
Grupa Azoty S.A.	2,147	51	100.0	100.0	100.0
Grupa Azoty PUŁAWY	3,647	62	100.0	100.0	100.0
Grupa Azoty POLICE	2,515	15	100.0	100.0	100.0

OLL TABLE

2022	Employees	Workers	Percentage of all employees (%)	Percentage of all workers (%)	Percentage of all employed (employees and workers who are not employed) (%)
Grupa Azoty KĘDZIERZYN	1,589	89	100.0	100.0	100.0
Number of all individuals covered by the occupational health and safety management system (OHS) audited or certified by an external party	9,898	217	100.0	100.0	100.0
Grupa Azoty S.A.	2,147	51	100.0	100.0	100.0
Grupa Azoty PUŁAWY	3,647	62	100.0	100.0	100.0
Grupa Azoty POLICE	2,515	15	100.0	100.0	100.0
Grupa Azoty KĘDZIERZYN	1,589	89	100.0	100.0	100.0
Total number of workers	9,898	217	-	-	-
Grupa Azoty S.A.	2,147	51	-	-	-
Grupa Azoty PUŁAWY	3,647	62	-	-	-
Grupa Azoty POLICE	2,515	15	-	-	-
Grupa Azoty KĘDZIERZYN	1,589	89	-	-	-

² The data has been sourced from the OHS systems in place at the companies.



See how we promote safety at the group companies

[403-1] [403-2] [403-3] [403-4] [403-5] [403-6]
[403-7]

[403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-7]

Grupa Azoty S.A.

Grupa Azoty S.A. has implemented procedures for identifying and assessing risks at work stations, as well as internal procedures in case of major industrial accidents. The internal procedures set out the methods of assessing identified hazards and measures to be taken for addressing various hazard types and levels. The outcome of the risk assessment may, in certain cases, encompass guidance, OHS recommendations, and improvement plans. The OHS system, based on ISO 45001, is regularly subject to both internal and external audits.

The plant has an electronic notification system for OHS hazards, near misses and incidents. An internal procedure describes the process for reporting such situations and defines the rules of response. There are incident investigation teams and a dedicated team appointed to investigate any industrial accidents, operating in accordance with internal regulations. After carrying out the prescribed procedures, the teams issue recommendations intended to improve the OHS situation.

Hazard identification is a responsibility of safety professionals – licensed OHS inspectors or individuals who have completed postgraduate studies in process safety, as appropriate.

The scope of OHS training for individual employees depends on their job description, required competencies and formal requirements. Within its organisational framework, Grupa Azoty S.A. maintains a safe work training department, staffed by OHS specialists who possess a thorough understanding of the plant and the associated hazards. The company organises its own induction and periodic OHS training, as well as ADR, RID and chemical rescue courses. With respect to specialised training, such as electrical installation licensing, working with hazardous materials, operating cranes and gantries, etc., the Group has established a system to identify and monitor training needs for each position, with workers directed to relevant training units.

As part of OHS training, employees are made aware of their statutory right to abstain from work if they perceive it to be unsafe, with no adverse consequences. This principle is respected by those charged with supervision and by line managers. There have been no instances of disciplinary action for refusing to work in such situations. The internal policies and instructions also define emergency evacuation procedures.

Employees are offered a range of risk mitigation measures, measurement of harmful factors, OHS training, and occupational healthcare examinations. We also offer free flu vaccination, and employees can opt for private healthcare partly funded by the employer. Employee health data is protected in compliance with the personal data protection laws.

Employees actively contribute to enhancing the level of plant safety through:

- a hazard and incident reporting system,
- the activity of the Company Social Labour Inspector and Divisional Social Labour Inspectors,
- meetings of the Company OHS Committee, comprising trade union representatives and the Company Social Labour Inspector. The role of the Committee is to ensure OHS communication between representatives of the employer and those of employees.

Employees are provided with OHS information, such as risk assessments and results of harmful factor measurements. In addition, there is a generally accessible intranet OHS service at Grupa Azoty S.A.

The OHS Committee of Grupa Azoty S.A. meets every quarter.

Grupa Azoty Puławy

Grupa Azoty Puławy assesses occupational risk based on hazards identified by an interdisciplinary team. The findings of such assessment are the starting point for occupational health and safety improvements. The appointed team members have expert knowledge and relevant professional experience.

Employees of the company can report risk exposures involved in their work by communicating them anonymously via the OHS feedback box or by notifying the Social Labour Inspectorate, which will relay such information to the OHS Department.

The occupational healthcare services within the Group provide advice as part of the OHS Committee. The company provides regular first aid training for employees, and a medical rescue centre operates around the clock at the Puławy plant.

Every employee receives training on risk assessment, measurement of harmful factors and required preventive measures, and has access to OHS training and occupational healthcare examinations during working hours. Occupational healthcare examinations are performed at the onsite clinic. An in-house ambulance is available for all employees during working hours. Employees have the option to receive free-of-charge vaccinations against flu and undergo testing for Lyme disease. Employee health data is protected in compliance with the personal data protection laws.

The assessment of OHS training needs is tailored to the specific requirements of each job position. Every training group is assigned a specific frequency for periodic training updates, based on which a training schedule is drawn up. For each course type, a log with an attendance list is maintained, with a knowledge check held to conclude every training programme. The instructors are trained in teaching methods and have relevant educational backgrounds and expertise (e.g., OHS and fire safety specialists, electricians, mechanics). They have extensive professional experience and hold certificates confirming their qualifications as internal trainers. The training frequency is determined in compliance with regulatory requirements, but for managers overseeing employees engaged in hazardous work it exceeds the stipulated regulatory standards.

The company also oversees the OHS compliance of its subcontractors, mandating an initial instruction before they commence work for the company or on its premises.

Employees of the Puławy-based company can contribute to enhancing the plant safety level through Occupational Risk Assessment consultations, consultations during the work of the OHS Committee and consultations on internal OHS regulations.

The OHS Department of Grupa Azoty Puławy informs staff of the safe work rules via its intranet website and notice boards. '5 Minutes for Safety' instruction materials are also issued on a regular basis. Supplementary materials to familiarise employees with OHS matters include incident details, OHS instructions, occupational risk assessments, material safety data sheets for hazardous substances and mixtures, findings from occupational exposure measurements, and a register of OHS aspects.

The OHS Committee of Grupa Azoty Puławy meets at least once a quarter. Additionally, the company has established fire and technical safety committees, technical/emergency committees and technical boards.

Grupa Azoty Police

Grupa Azoty Police has implemented procedures to identify hazards, assess occupational risk and investigate OHS incidents. Divisional Social Labour Inspectors, who hold appropriate licences and have completed appropriate training, regularly review the working conditions. Divisional safety meetings are also held on a regular basis.

Grupa Azoty Police employees may report health and safety hazards electronically or directly to the plant dispatcher or area users. Employees are instructed, as provided for in the Labour Code, to abstain from performing their duties if there is a perceived threat to health or life. Such instructions are given during OHS training and by relevant area users. During Divisional Safety Meetings, the OHS system is reviewed and revised for improved performance.



BEST PRACTICE

Grupa Azoty Police and Grupa Azoty Puławy promote the idea of voluntary blood giving among their employees. Several times a year, a dedicated blood collection bus arrives and is stationed on the companies' premises.

Grupa Azoty Police has engaged a local medical centre, situated near the plant, to provide occupational healthcare services, including enhanced and ad hoc medical care. Employees also have access to private medical and dental care. Employee health data is protected in compliance with the personal data protection laws.

The company's OHS Department regularly communicates safety information to staff via the intranet and as part of the '5 Minutes for Safety' initiative.

The company's OHS Committee meets once a quarter.

Grupa Azoty Kędzierzyn

Grupa Azoty Kędzierzyn has in place procedures for hazard identification and occupational risk assessment. Information used for risk assessment concerns:

- the plant process, working media involved and explosive atmospheres,
- methods of performing work, and of monitoring and recording actual conditions (hazards that have already been identified, their sources, possible consequences of hazards),
- accidents at work,
- near misses,
- occupational diseases or suspected occupational diseases,
- industrial accidents.

Based on data obtained, the Group Safety Department updates the occupational risk assessment, issues control sheets for non-conformity, updates the procedures and instructions of the safety management system and issues relevant recommendations.

Risks or instances of non-compliance with OHS rules may be reported to the OHS Department by telephone, email or in person. In addition, such information may be provided to the Social Labour Inspectors or trade unions. Employees may also report hazards anonymously on the intranet forum or through dedicated feedback boxes.

The company has signed a contract for the provision of medical services, including occupational healthcare, with a medical operator. Under the contract, employees have 24/7 access to medical assistance, including medical transport. In addition to preventive medical examinations, the occupational physician sits on the regional Safety and Environmental Committees and participates in the work of the occupational risk assessment team. Moreover, once every six months the occupational physician prepares a workforce health summary. Employee health data is protected in compliance with the personal data protection laws.



BEST PRACTICE

In 2022, employees were offered opportunities to participate in various preventive programmes addressing cervical discopathy, liver and pancreatic diseases, colon cancer, metabolic syndrome, atherosclerosis, and osteoporosis.

OHS training needs are determined by the heads of organisational units based on the job description sheets and organisational needs.

Employees contribute to the creation of a safety system through the Company Social Labour Inspector and trade unions. As part of the approval process, all documents of the safety management system are sent to be consulted by each organisational unit, so that employees can submit their comments.

Every employee of the company has access to the intranet, where documents on health and safety are readily available.

Grupa Azoty Kędzierzyn has established a Safety and Environment Committee, whose members hold appropriate OHS qualifications. Their role is to:

- evaluate the health, safety, and environmental protection status,
- give opinions on measures put in place to prevent accidents at work and occupational diseases,
- formulate observations and propose actions to improve working conditions and environmental protection,

[403-9]

In 2022, there were no fatal or severe workplace accidents among employees of the Grupa Azoty Group. There were minor workplace accidents, in which a total of 107 individuals were injured, including 96 men and 11 women. The most common injuries included strains, sprains, falls, bruises and fractures. All those accidents were investigated in accordance with the procedures in place at the respective companies and, wherever possible, measures were taken to prevent reoccurrence. Workplace risks that may potentially lead to serious injuries at each of the companies include exposure to chemical substances such as methane, hydrogen, ammonia, sulfuric acid, and nitric acid. A survey of chemical hazards has been prepared on the basis of production process descriptions and material safety data sheets for the substances used and manufactured at the plant. The analysis of relevant hazards informs occupational risk assessments for individual positions. Mitigation of these risks is achieved through the use of individual and collective protective equipment, regular training, and the substitution of hazardous substances with safer alternatives. In 2022, no incidents causing serious injuries related to chemical substances were reported.

[403-9]

Number of workplace accidents involving employees and other workers, by gender of the injured

Index	Gender	2021					2022		
		Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Total number of accidents in 2021	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE
Number of minor workplace	F	5	7	3	1	16	1	4	6

		2021					2022		
accidents involving employees, by gender of the injured	M	13	39	37	13	102	8	38	42
Number of minor workplace accidents involving other workers, by gender of the injured	F	0	0	0	0	0	0	0	0
	M	0	0	5	0	5	0	0	0
Number of severe workplace accidents (excl. fatalities) involving employees, by gender of the injured	F	0	0	0	0	0	0	0	0
	M	0	0	0	0	0	0	0	0
Number of severe workplace accidents (excl. fatalities) involving other workers, by gender of the injured	F	0	0	0	0	0	0	0	0
	M	0	0	1	0	1	0	0	0
Number of fatal workplace accidents involving employees, by gender of the injured	F	0	0	0	0	0	0	0	0
	M	0	0	0	0	0	0	0	0
Number of fatal workplace accidents involving other	F	0	0	0	0	0	0	0	0

SCROLL TABLE

		2021					2022		
workers, by gender of the injured									
	M	0	0	0	0	0	0	0	0
Total		18	46	46	14	124	9	42	48

[403-9]

Accident rate among employees and other workers, by gender of the injured³

		2021				2022 ⁴			
Index	Gender	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE ⁵	Grupa Azoty KĘDZIERZYN
Accident rate for minor workplace accidents involving employees	F	1	1.2	0.8	0.3	0.2	0.7	1.5	0.0
	M	1	1.9	2.6	1.5	0.7	1.8	3.0	0.9
Accident rate for minor workplace accidents involving other workers	F	0	0	No data available	0	0	0	0	0
	M	0	0	No data available	0	0	0	0	0
Accident rate for severe workplace accidents involving employees	F	0	0	0	0	0	0	0	0
	M	0	0	0	0	0	0	0	0
Accident rate for severe workplace accidents involving other workers	F	0	0	No data available	0	0	0	0	0
	M	0	0	No data available	0	0	0	0	0

SCROLL TABLE

Accident rate for	F	0	0	2021 ⁰	0	0	0	2022 ⁰	0
fatal workplace accidents involving employees									
	M	0	0	0	0	0	0	0	0
Accident rate for fatal workplace accidents involving other workers	F	0	0	No data available	0	0	0	0	0
	M	0	0	No data available	0	0	0	0	0

² Accident rate is calculated as follows: number of all accidents recorded /total number of hours worked × 200,000.

³ Number of hours worked by employees in 2022: Grupa Azoty S.A. (1,023,013 for women and 2,387,079 for men), Grupa Azoty Kędzierzyn (725,043 for women and 1,768,865 for men), Grupa Azoty Puławy (1,150,913 for women and 4,253,462 for men), Grupa Azoty Police (3,594,181 for women and men in total).

⁴ Grupa Azoty Police has no data on the number of hours worked by individuals performing work under contracts other than employment contracts. The work of such individuals is remunerated on a monthly basis/based on agreed fees.



Sustainable supply chain

[3-3]

We are committed to building an ethical and responsible supply chain, and we extend these expectations to our business partners, urging them to adopt similar values and set comparable goals with regard to climate responsibility, environmental stewardship, and social impact.

As part of our initiatives, we want to implement a comprehensive programme aimed at reducing the carbon footprint of our products, along with a robust system for collecting emissions data. Additionally, we are dedicated to fostering sustainability-focused changes and we aim to provide support to our trading partners in embracing environmentally and socially responsible practices. To achieve this, we have outlined plans to organise relevant training.



See our supply and transport chain

[2-6] [3-3]

[2-6] [3-3]

The Grupa Azoty Group's supply chain is efficiently coordinated by its logistics and procurement departments, which optimise the inbound and outbound transport flows. The Corporate Procurement Department plays a pivotal role in implementing procurement strategies across the Group's key business areas. To complement our warehouse network, we have established partnerships with over 80 external distributors, expanding the available storage space with third-party facilities.

Given the unique demands of the chemical industry, particularly in the transport of hazardous substances, we leverage various modes of transport, including railways, specialised road vehicles, and ships for transporting products and raw materials via both sea and inland waterways. Recognising the importance of safety, each of the Grupa Azoty Group's key companies has implemented guidelines to minimise the risk of accidents during transport. Moreover, all the companies fulfil their obligation to register manufactured substances. They have also prepared and published material safety data sheets (or equivalent documents) in accordance with the REACH Regulation for all products placed on the market.

The Grupa Azoty Group prioritises rail transport as our preferred mode due to its environmental benefits and cost-effectiveness. With long-standing experience in managing and extensively utilising specialised transport (several areas within the Grupa Azoty Group boast the largest transport fleet in Poland and the CEE region), we are able to further optimise the supervised processes. Maximising transported volumes, especially in trainloads, is a key focus to enhance efficiency. At Grupa Azoty S.A. and Grupa Azoty Puławy, chemical raw materials regulated by RID (Regulations Concerning the International Transport of Dangerous Goods by Rail) are transported in railway tanks with vapour recovery systems for the liquid and gaseous phases. The fittings mounted on railway tanks are aligned with the fittings of loading and unloading stations at customer sites. Railway transport management for the entire Group is the role of Grupa Azoty Koltar, which also owns a state-of-the-art locomotive repair and maintenance facility.

In cases where road transport is chosen, our emphasis is on ensuring that logistics service providers use vehicles in full working order, tailored to transport specific products according to the relevant safety data sheets. The age of vehicles and their compliance with EURO 5 and EURO 6 emission standards are crucial considerations for the Group. For particularly hazardous materials, transport is arranged in compliance with the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR).



BEST PRACTICE

In collaboration with transport companies, Grupa Azoty Puławy has established rigorous guidelines covering various aspects, including specifications for transport vehicles and driver training. Additional regulations delineate procedures for loading and unloading goods at customer sites.

When engaging transport providers, Grupa Azoty Kędzierzyn conducts thorough assessments, including verification of their SQAS certificates related to the safe storage, transport and unloading of goods.

The Group operates its own port assets in Gdynia, Gdańsk, and Police. Product shipments are dispatched using bulk carriers, chemical tankers, and intermodal containers for transporting large volumes. Our cargoes are handled by the container terminals

in Gdynia and Gdańsk, along with the majority of shipowners operating on the market. Sea shipments encompass the delivery of fertilizers and chemicals destined for further processing by our customers. Additionally, essential raw materials for production are partly transported to the Grupa Azoty Group via sea routes.

Aligned with our operational excellence strategy, we aim to enhance cargo handling capacities by expanding the warehouse resources of the Group companies. This initiative includes upgrading the logistics infrastructure for fertilizers and plastics, accompanied by an effort to reduce costs associated with utilising third-party storage space and investments to develop warehouse facilities within the strategic feedstock areas.



See what we expect from our suppliers

[2-23] [205-2]

[2-23] [205-2]

We hold our suppliers to high standards, expecting adherence to the Grupa Azoty Group's principles encompassing human rights, labour rights, environmental protection, integrity, and transparency. These expectations are explicitly outlined in the Trading Partners Code of Conduct, a document that, along with the Grupa Azoty Group Code of Ethical Conduct and the Anti-Corruption Policy, must be accepted by all companies seeking collaboration with the Grupa Azoty Group. To formalise this commitment, we enter into agreements with our trading partners, emphasising mutual cooperation in detecting and combating any instances of misconduct, with a shared responsibility for prompt reporting of any deviations from ethical standards. The Trading Partners Code of Conduct prohibits:

- use of child labour throughout the supply chain,
- use of forced or slave labour,
- any form of corruption – 'Zero Tolerance for Corruption',
- financing of political parties,
- money laundering and terrorist financing,
- contravening of any EU sanctions measures,
- violations of fundamental labour rights and the law,
- employee discrimination.

Upon accepting the Code, trading partners pledge to minimise their environmental footprint and refrain from using raw materials sourced from conflict zones.

See our Trading Partners [Code of Conduct](#).

As part of its ongoing business relationships with the suppliers of strategic raw materials, the Grupa Azoty Group is advancing the internal integration of its supervised procurement processes through a matrix structure. This integration extends to Environmental, Social, and Governance (ESG) considerations, relevant to the efficiency and transparency of the supervised processes to align with best practices.

Key current elements:

- introduction of provisions from the Code of Ethical Conduct (available on the website) into contracts and orders (General Terms and Conditions – GTC); the parties engaging in transactions affirm adherence to the provisions outlined in the Code,
- inclusion of anti-corruption clauses (standardised across all Grupa Azoty Group companies),
- inclusion of security clauses (standardised across all Grupa Azoty Group companies),
- incorporation of sanctions clauses (since the outbreak of the war in Ukraine),
- personal data protection,
- inclusion of provisions governing data/information confidentiality and related regulations.



Our report

[2-1] [2-3] [\[IIR - Basis of preparation and presentation\]](#)

Its content and layout are also based on relevant recommendations of the International Integrated Reporting Council (IIRC) and the Task Force on Climate Related Financial Disclosures (TCFD). The report for 2022 was issued in December 2023. Reports are prepared on an annual basis. This integrated report and the financial statements cover the same period from January 1st 2022 to December 31st 2022.

Report scope and boundary, applicable standards and guidelines

[2-2]

This report describes the non-financial activities and performance of the four key companies of the Grupa Azoty Group:

- Grupa Azoty S.A. of Tarnów (the parent),
- Grupa Azoty Zakłady Azotowe Kędzierzyn of Kędzierzyn-Koźle (Grupa Azoty Kędzierzyn; ZAK),
- Grupa Azoty Zakłady Azotowe Puławy of Puławy (Grupa Azoty Puławy),
- Grupa Azoty Zakłady Chemiczne Police of Police (Grupa Azoty Police).

In addition to the companies listed above, the consolidated financial statements of the Grupa Azoty Group cover eight other companies (subsidiaries of Grupa Azoty): COMPO EXPERT Holding GmbH, Grupa Azoty ATT Polymers GmbH (Guben, Germany), Grupa Azoty Polskie Konsorcjum Chemiczne Sp. z o.o. (Tarnów), Grupa Azoty Koltar Sp. z o.o. (Tarnów), Grupa Azoty Kopalnie

The financial data in this report have been taken from the consolidated financial statements of Group companies. The document contains an overview of the value creation model adopted by the Grupa Azoty Group and a section showcasing the Group's response to risks arising from climate change, including actions taken to further decarbonisation.

[2-5] [2-14]

In order to exercise the highest standards of care, we engaged Deloitte's Sustainability Consulting Central Europe Team to assist in the preparation of this report. Approximately 116 employees of the four key Group companies were involved in the data collection process. The report's structure and its final version, encompassing critical company information, were authorised by the Grupa Azoty Management Board. The financial statements were assessed by members of the Supervisory Board. [Furthermore, the report underwent an independent third-party review by KPMG](https://raport2022.grupaazoty.com/files/Report_KPMG_en.pdf) (Download at -> https://raport2022.grupaazoty.com/files/Report_KPMG_en.pdf). The selection of the external auditor, along with coordinating the audit of non-financial data, involved collaboration between the Corporate Communication and Marketing Department and coordinators from the respective companies. The Management Board and the Supervisory Board were responsible for endorsing the engagement with the selected auditor.

[2-4]

In the reporting period, there were no changes in the size, structure, ownership, or value chain of the Group. Minor restatements were made to the presented information and figures compared with the previous report for 2021. Details of the restatements are presented below:

■ GRI 301-1; Grupa Azoty Kędzierzyn

The amount disclosed under 'Other strategic raw materials (tonne)' of Grupa Azoty Kędzierzyn for 2021 was restated to include the consumption of oxygen and nitrogen. The restatement was made for the sake of consistency and enhanced data comparability between companies. The data was restated from 26,838 t to 725,330 t.

■ GRI 302-1;

With respect to all the four companies, an adjustment was made to data on the consumption of non-renewable fuels to produce electricity, with a consistent approach applied to ensure year-on-year comparability. Specifically:

For Grupa Azoty S.A., the data was restated from 2,962,978 GJ to 4,875,297 GJ.

For Grupa Azoty Puławy, the data was restated from 2,864,578 GJ to 14,861,539 GJ.

For Grupa Azoty Police, the data was restated from 2,532,367 GJ to 7,903,499 GJ.

For Grupa Kędzierzyn, the data was restated from 928,301 GJ to 4,386,815 GJ.

■ GRI 305-2;

With respect to Grupa Azoty Kędzierzyn and Grupa Azoty Police, the comparative data for 2021 was restated by eliminating electricity sold to the grid from the calculation of Scope 2 GHG emissions.

As a result, the data pertaining to Grupa Azoty Police was restated from 284,603 tCO₂ to 253,473 tCO₂.

The data pertaining to Grupa Azoty Kędzierzyn was restated from 463,388 tCO₂ to 230,129 tCO₂.

■ GRI 305-5;

In the case of Grupa Azoty S.A., the amount disclosed for 2021 was restated with 2019 taken as the base year to enhance data comparability between companies. The data was restated from 2,616 tCO_{2e} to 37,925 tCO_{2e}.

■ GRI 305-7;

The amount disclosed with respect to Grupa Azoty Puławy under 'carbon dioxide (CO₂)' for 2021 was restated. The previously reported amount of CO₂ emissions was based on calculations and measurements taken directly from the installations, an approach differing from the one prescribed under the EU-ETS. In order to maintain data comparability with respect to this disclosure, the amount disclosed for the company under 305-2 was taken into account. As a result, the data was restated from 1,836,010 t to 3,418,516 t.

We would welcome your feedback on this report. Additionally, we are interested in learning the specific information you would like to see included in its next edition. To share your feedback and to request a copy of the report, please send a message to katarzyna.kapustka@grupaazoty.com

Media enquiries: Grupa Azoty Press Officer rzecznik@grupaazoty.com

Investor enquiries: Investor Relations Team ir.tarnow@grupaazoty.com

Materiality assessment

The content of this report was determined through a materiality assessment conducted in accordance with the GRI Universal Standards guidelines, aligning with the impact materiality methodology, one of the two components of the double materiality analysis, as stipulated by the draft European Sustainability Reporting Standards (ESRS).The materiality assessment, carried out in May and June 2023, involved the following four steps:

1. Understanding the context of the organisation

Work on this report drew insights from the 2021 report preparation process. GRI-indicated documents, such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and OECD Guidelines for Multinational Enterprises, were scrutinised, accompanied by sectoral and market analyses along with a review of upcoming regulations. Factors considered included the organisation’s structure, external relations, sustainability impacts of its activities, and engagement with both internal and external stakeholders.

2. Identification of actual and potential impacts

In the next step, questionnaire-based surveys were conducted among the Grupa Azoty Group’s employees (covering a total of 380 respondents, including 327 employees and 53 external stakeholders). This step generated a comprehensive list of the Grupa Azoty Group’s sustainability impacts, both social and environmental.

3. Impact severity assessment

The materiality of individual topics was assessed based on inputs from independent experts, considering the nature (positive or negative) and timing (actual or potential) of impacts. The assessment criteria included severity based on the scale and scope of impacts (all categories), their irremediable character (for negative impacts), and the likelihood of occurrence (for potential impacts).

4. Prioritising the impacts

The outcomes of the materiality assessment were prioritised by members of the Grupa Azoty Group’s Corporate Communication and Marketing Department and by coordinators representing the Group’s key companies. Topics identified as material were used to delineate the scope of GRI disclosures presented in the Grupa Azoty Group Integrated Report for 2022.

Relying on the double materiality concept, incorporating impact materiality and financial materiality, and acknowledging both positive and negative impacts across the value chain, we identified the following list of material topics, categorised into three areas: Environmental (E), Social (S), and Governance (G).

Topics identified as material

	Material topics	Area	Identified impacts and aspects within the area
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	Material topics	Area	Identified impacts and aspects within the area
1.	Sustainable products	E	<ul style="list-style-type: none"> ■ Development of innovative, green products ■ Development of sustainable solutions based on R&D ■ Use of sustainable production practices
2.	Product quality and safety	S	<ul style="list-style-type: none"> ■ Ensuring safe products and materials
3.	Food security in Poland	S	<ul style="list-style-type: none"> ■ Transfer of knowledge on efficient use of fertilizer products to food producers ■ Ensuring food security in Poland
4.	Circular economy	E	<ul style="list-style-type: none"> ■ Circularity and reuse of raw materials
5.	Social and economic support for the Company's immediate environment	S	<ul style="list-style-type: none"> ■ Social contribution and philanthropic activities, donations and sponsorships ■ Development of local markets and businesses ■ Supporting local communities ■ Supporting schools, universities and research institutions
6.	Health & safety	S	<ul style="list-style-type: none"> ■ Employee training and development ■ Equality, diversity and openness in the workplace ■ Keeping employees healthy and safe (OHS) ■ Ensuring decent working conditions ■ Ensuring fair remuneration ■ Ensuring a transparent performance evaluation system ■ Ensuring a reliable whistleblowing system for employees
7.	Respect for human rights	S, G	<ul style="list-style-type: none"> ■ Promoting ethical behaviour and respecting human rights in the workplace ■ Respecting human rights in the supply chain
8.	Business ethics	G	<ul style="list-style-type: none"> ■ Fostering transparency and integrity in business relationships ■ Monitoring of suppliers' compliance with environmental, social and governance standards ■ Providing a reliable whistleblowing system for suppliers
9.	Air pollutant emissions	E	<ul style="list-style-type: none"> ■ Reduction of air emissions

	Material topics	Area	Identified impacts and aspects within the area
10.	Greenhouse gas emissions	E	<ul style="list-style-type: none"> ■ Calculation and verification of the carbon footprint of products and the entire organisation ■ Reduction of greenhouse gas emissions affecting climate
11.	Biodiversity	E	<ul style="list-style-type: none"> ■ Protection of biodiversity (including ecosystems, soil and living organisms) ■ Reduction of pollutant emissions affecting the natural environment
12.	Climate risk management	E, G	<ul style="list-style-type: none"> ■ Physical effects of environmental degradation ■ Regulatory effects relating to environmental protection ■ Effects of transition to a low-carbon economy involving changes in customer requirements and regulatory framework ■ Effects of extreme weather events caused by climate change
13.	Energy and raw material consumption	E	<ul style="list-style-type: none"> ■ Development of new green technologies for production and logistics ■ Reduction of water consumption ■ Sustainable management of electricity

Certified management systems

Provided below is an overview of the Group's certified management systems.

List of certified management systems	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
Quality Management System conforming to the ISO 9001 standard	✓	✓	✓	✓
Environmental Management System conforming to the ISO 14001 standard	✓	✓	✓	✓
Occupational Health and Safety Management System compliant with the ISO 45001 standard	✓	✓	✓	✓

List of certified management systems	Grupa Azoty S.A.	Grupa Azoty PUŁAWY	Grupa Azoty POLICE	Grupa Azoty KĘDZIERZYN
Energy Management System conforming to the ISO 50001 standard	✓	✓	✓	✓
Food Safety Management System conforming to the ISO 22000 standard	✓	✓	✓	
FSSC 22000 system (Food Safety System Certification)		✓		
PN-EN ISO/IEC 17025 Management System (general requirements for the competence of testing and calibration laboratories)	✓	✓	✓	✓
Management standard meeting the requirements of the Fertilizers Europe Product Stewardship Standard	✓	✓	✓	✓
ISCC PLUS system (International Sustainability & Carbon Certification Plus)	✓			
Information Security Management System conforming to the ISO 27001 standard	✓			
Responsible Care® framework management system		✓		✓



OUR REPORT

Index tables

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Index table – GRI content index, own disclosures and WSE indicators

GRI Standard	Number of the disclosure	Title of the disclosure
General Disclosures		
The organisation and its reporting practices		
GRI 2	2-1	Organisational details
GRI 2	2-2	Entities included in the organisation's sustainability reporting
GRI 2	2-3	Reporting period, frequency and contact point
GRI 2	2-4	Restatements of information
GRI 2	2-5	External assurance

GRI Standard	Number of the disclosure	Title of the disclosure
Activities and workers		
GRI 2	2-6	Activities, value chain and other business relationships
GRI 2	2-7	Employees
GRI 2	2-8	Workers who are not employees
Governance		
GRI 2	2-9	Governance structure and composition
GRI 2	2-10	Nomination and selection of the highest governance body
GRI 2	2-11	Chair of the highest governance body
GRI 2	2-12	Role of the highest governance body in overseeing the management of impacts
GRI 2	2-13	Delegation of responsibility for managing impacts
GRI 2	2-14	Role of the highest governance body in sustainability reporting
GRI 2	2-15	Conflicts of interest
GRI 2	2-16	Communication of critical concerns
GRI 2	2-17	Collective knowledge of the highest governance body
GRI 2	2-18	Evaluation of the performance of the highest governance body
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GRI 2	2-21	Annual total compensation ratio
Strategy and policies		
GRI 2	2-22	Statement on sustainable development strategy
GRI 2	2-23	Policy commitments
GRI 2	2-24	Embedding policy commitments
GRI 2	2-25	Processes to remediate negative impacts
GRI 2	2-26	Mechanisms for seeking advice and raising concerns
GRI 2	2-27	Compliance with laws and regulations

GRI Standard	Number of the disclosure	Title of the disclosure
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Stakeholder engagement		
GRI 2	2-29	Approach to stakeholder engagement
GRI 2	2-30	Collective bargaining agreements
-	Own disclosure	Number of trade unions and number of employees who are members of trade unions
Material topics		
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GRI 202	202-1	Ratios of standard entry level wage by gender compared to local minimum wage
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GRI 203	203-1	Infrastructure investments and services supported
GRI 203	203-2	Significant indirect economic impacts
-	Own disclosure	Total annual contributions to PFRON – the State Fund for the Rehabilitation of the Disabled (PLN)
Anti-corruption [2016]		
GRI 205	205-2	Communication and training about anti-corruption policies and procedures
GRI 205	205-3	Confirmed incidents of corruption and actions taken
Anti-competitive behaviour [2016]		

GRI Standard	Number of the disclosure	Title of the disclosure
GRI 206	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
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GRI 301	301-3	Reclaimed products and their packaging materials
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GRI 302	302-3	Energy intensity
GRI 302	302-4	Reduction of energy consumption
Water and Effluents [2018]		
GRI 303	303-1	Interactions with water as a shared resource
GRI 303	303-2	Management of water discharge-related impacts
GRI 303	303-3	Water withdrawal
GRI 303	303-4	Water discharge
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GRI 304	304-2	Significant impacts of activities, products, and services on biodiversity
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GRI 305	305-1	Direct (Scope 1) GHG emissions
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions
GRI 305	305-4	GHG emissions intensity
GRI 305	305-5	Reduction of GHG emissions
GRI 305	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
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GRI Standard	Number of the disclosure	Title of the disclosure
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GRI 306	306-2	Management of significant waste-related impacts
GRI 306	306-3	Waste generated
GRI 306	306-4	Waste diverted from disposal
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Employment [2016]		
GRI 401	401-1	New employee hires and employee turnover
GRI 401	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
Occupational health and safety [2018]		
GRI 403	403-1	Occupational health and safety management system
GRI 403	403-2	Hazard identification, risk assessment, and incident investigation
GRI 403	403-3	Occupational health services
GRI 403	403-4	Worker participation, consultation, and communication on occupational health and safety
GRI 403	403-5	Worker training on occupational health and safety
GRI 403	403-6	Promotion of worker health
GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403	403-8	Calibri (Body)
GRI 403	403-9	Work-related injuries
GRI 403	403-10	Work-related ill health
Training and education [2016]		
GRI 404	404-1	Average hours of training per year per employee
GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs

GRI Standard	Number of the disclosure	Title of the disclosure
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews
Diversity and equal opportunity [2016]		
GRI 405	405-1	Diversity of governance bodies and employees
GRI 405	405-2	Ratio of basic salary and remuneration of women to men
-	GPW S-P2	Gender pay gap
Non-discrimination [2016]		
GRI 406	406-1	Incidents of discrimination and corrective actions taken
Local communities [2016]		
-	Own disclosure	Operations with local community engagement, impact assessments, and development programs
GRI 413	413-2	Operations with significant actual and potential negative impacts on local communities
-	Own disclosure	Total donations to social causes
Public policy [2016]		
GRI 415	415-1	Political contributions
Customer health and safety [2016]		
GRI 416	416-1	Assessment of the health and safety impacts of product and service categories
GRI 416	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
Marketing and labelling [2016]		
GRI 417	417-1	Requirements for product and service information and labelling
GRI 417	417-2	Incidents of non-compliance concerning product and service information and labeling
GRI 417	417-3	Incidents of non-compliance concerning marketing communications

Tabela TCFD

Area	Disclosure	Location
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Area	Disclosure	Location
Governance Disclosure of the organisation's governance around climate-related risks and opportunities.	Description of the board's oversight of climate-related risks and opportunities.	Climate risk management I. Governance
	Description of the management's role in assessing and managing climate-related risks and opportunities.	Climate risk management I. Governance
Strategy Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Map of ESG risks and opportunities
	Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate risk management II. Strategy. Climate-related risks and opportunities identified
	Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	under preparation
Risk management Disclosure of how the organisation identifies, assesses, and manages climate-related risks.	Description of the organisation's processes for identifying and assessing climate-related risks.	Climate risk management III.1 Processes for identifying and assessing climate-related risks
	Description of the organisation's processes for managing climate-related risks.	Climate risk management III.2 The organisation's processes for managing climate-related risks
	Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate risk management III.3 How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management system
Metrics and targets Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclosure of the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate risk management IV. Metrics and targets
	Disclosure of Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Climate risk management Chart with a summary of Scope 1 and 2 emissions for 2021
	Description of the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	under preparation

Inclusion of the International <IR> Framework content elements

Content elements	Location
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Content elements	Location
A. Organisational overview and external environment	Overview of the Group; Our future
B. Governance	Group structure; Risk management; Our management approach; Our approach to innovation
C. Business model	Value creation model
D. Risks and opportunities	Risk management; Climate risk management; Map of ESG risks and opportunities
E. Strategy and resource allocation	2021-2030 Strategy
F. Presentation of results	Value creation model; Key projects in 2022; Financial performance; Stakeholder dialogue; Support to local communities
G. Prospects for the future	Our future
H. Basis of preparation and presentation	Our report