

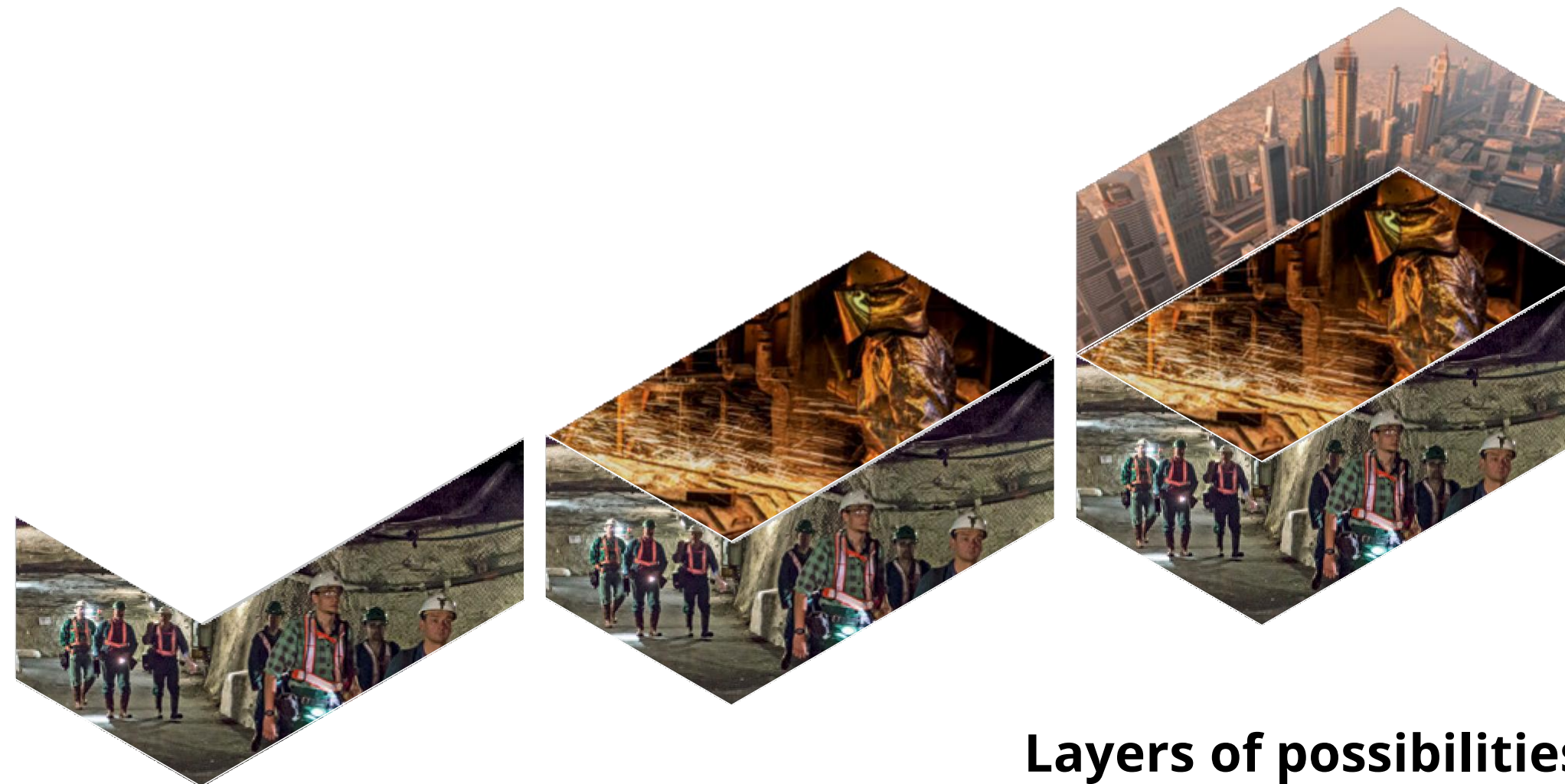


XXX 2021



KGHM GROUP'S 2030 STRATEGY with a 2040 time horizon

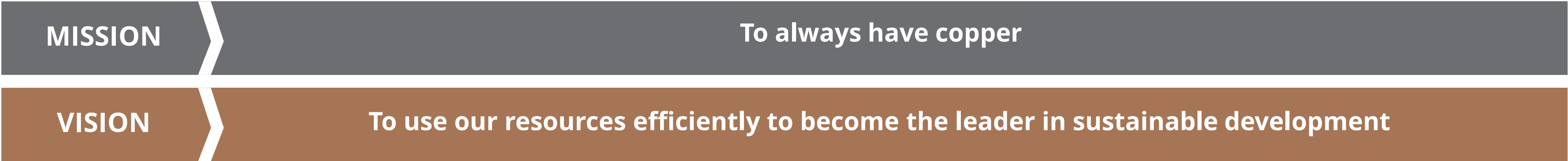
Green transformation through renewable energy
and modern technologies



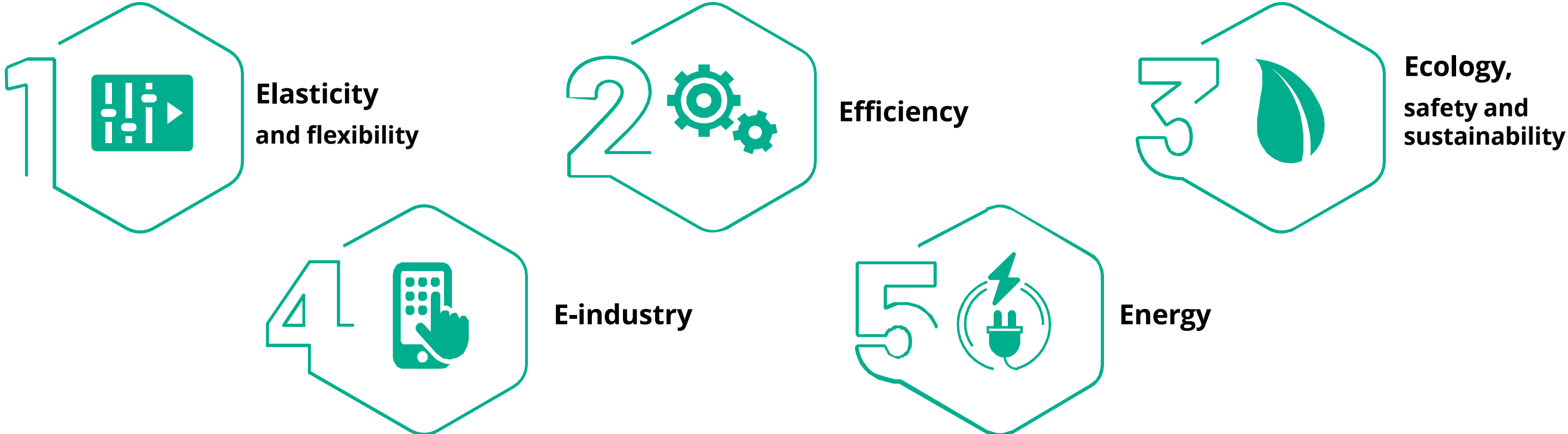
Layers of possibilities

KGHM'S MISSION AND VISION REMAIN UP-TO-DATE,

however to reflect the changes in the environment, strategic directions have been extended with an additional element – Energy














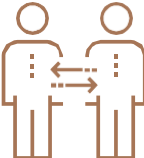



#5E DEVELOPMENT DIRECTIONS



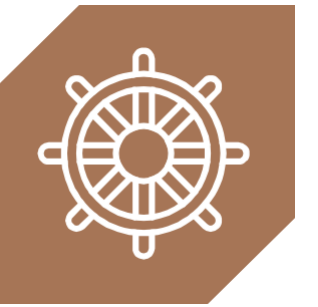
KGHM'S STRATEGY CONSISTS OF 5 PILLARS BASED ON 5 DEVELOPMENT DIRECTIONS

Strategy of KGHM Group for the years 2022-2030

| Development directions | Elasticity | Efficiency | Ecology | E-industry | Energy |
|--|--|--|---|---|--------|
|  <p>1. Core business</p> |  <p>Advanced technologies and R&D forming an intelligent production chain</p> |  <p>Optimization of mining production in Poland and abroad ensuring long-term business continuity</p> |  <p>Leader in the development of low-emission mining capacity for new metal and mineral deposits in Poland</p> |  <p>Development of metallurgy with the use of effective processing based on the principles of the circular economy</p> | |
|  <p>2. New activities</p> |  <p>One of the leading producers of environmentally friendly electricity, supporting Poland's energy transformation</p> | |  <p>Expansion along the value chain through the development of new products from copper and other metals (including establishing cooperation with partners in Poland and abroad)</p> | | |
|  <p>3. Supporting activities</p> |  <p>A significant provider of Smart Mining solutions in the area of products and services sold in Poland and globally</p> | |  <p>Ensuring the financial stability of KGHM Group and implementing systemic solutions aimed at increasing the Group's value</p> | | |
|  <p>4. Health</p> |  <p>Development of pro-health activities and health resorts as a contribution to extending the length and quality of life of citizens</p> | | | | |
|  <p>5. Prosociality</p> |  <p>Growth based on sustainability and safety</p> | | | | |






KGHM GROUP'S STRATEGY

sets ambitious, although achievable, goals for 2030 (1/5)



Key Performance Indicators for the Updated Strategy of KGHM Group for the years 2022-2030

Core Business

| | 2020 | Ambition | 2030 |
|---|---|--|--|
|  Domestic copper production | 563 thousand tons of electrolytic copper | <ul style="list-style-type: none"> Securing the effective production of electrolytic copper in Poland. | ca. 600 thousand tons of electrolytic copper (including increased throughput of foreign materials and recycled copper). |
|  Foreign copper production | 148 thousand tons of payable copper | <ul style="list-style-type: none"> Securing future production from foreign assets. | Increased production from KGHM's foreign assets through the extension of the LOM of active mines, development of assets within the portfolio of mining projects and growth of the resource base through the implementation of the Foreign Exploration Strategy. |
|  Silver production | 1 322 tons of Ag (among top three) | <ul style="list-style-type: none"> Strengthening the position as the world's leading silver producer. | Maintaining a position among the top three silver producers in the world (ca. 1 200 tons of Ag per year). |
|  Profitability | 8,5%¹ | <ul style="list-style-type: none"> Increase in the efficiency of the use of fixed capital reflected in at least 20% increase in the average ROCE (return on capital employed). | 10,2%¹ |
|  Cost competitiveness | 4th decile | <ul style="list-style-type: none"> Improving competitiveness in the mining industry by shifting KGHM's position on the cost curve (cost of C1 excluding tax on certain minerals) from the 4th decile in 2020 to the 3rd decile. An important factor in the change will be investments in new competitive energy sources. | 3rd decile |

CORE

BUSINESS




KGHM GROUP'S STRATEGY

sets ambitious, although achievable, goals for 2030 (2/5)



Key Performance Indicators for the Updated Strategy of KGHM Group for the years 2022-2030

New activities

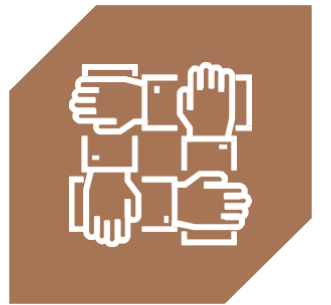
-  **Energy produced**
-  **Reduction of estimated CO₂ emissions resulting from electricity consumption**
-  **Diversification of the commercial offer on the metals market**

| | 2020 | Ambicja | 2030 |
|---|--|---|---|
| Energy produced (22% of consumption) | 694 GWh | <ul style="list-style-type: none"> ■ Increase in the share of own energy in consumption. ■ Sale of energy to third parties as a new revenue stream after covering own needs through self-generation. | Min. 50% of consumption (ca. 1.5 TWh) |
| Reduction of estimated CO₂ emissions resulting from electricity consumption | ca. 1.9 m tons of CO ₂ (2019 value) | <ul style="list-style-type: none"> ■ Using the development of generation capacity from RES to reduce the level of CO₂ emissions resulting from electricity consumption. | 1 m tons of CO₂ |
| Diversification of the commercial offer on the metals market | 2% | <ul style="list-style-type: none"> ■ Increase in the share of new semi-finished copper products and highly processed copper products (OFE-Cu wire, OFE-Cu granules) and other metals in the total sales of the KGHM Group. | 10% |

NEW ACTIVITIES

KGHM GROUP'S STRATEGY

sets ambitious, although achievable, goals for 2030 (3/5)



Key Performance Indicators for the Updated Strategy of KGHM Group for the years 2022-2030

Supporting activities

Scrap recycling

External revenues of selected subsidiaries

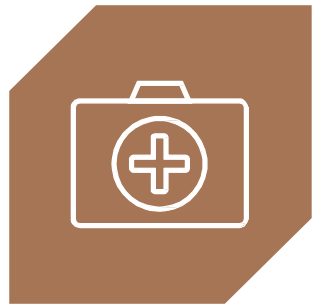
| 2020 | Ambition | 2030 |
|--|--|--|
| 124 thousand tons of copper scrap | Increase in scrap metal smelting by: <ul style="list-style-type: none"> - intensifying the purchase of scrap metal from suppliers, - increasing the recovery of metals through Urban Mining. | ca. 350 thousand tons of copper scrap |
| Base 2020 Base year= 100% External revenues in the base year 2020 | Development of potential and offer competitiveness on the external markets of domestic and foreign subsidiaries | 147% up from the base year for companies Zanam, Nitroerg, PeBeKa 163% up from the base year for DMC |

SUPPORTING

ACTIVITIES

KGHM GROUP'S STRATEGY

sets ambitious, although achievable, goals for 2030 (4/5)



Key Performance Indicators for the Updated Strategy of KGHM Group for the years 2022-2030

Health

-  **LTIFR**
-  **TRIR**
-  **Healthcare support via KGHM Polska Miedź Foundation**

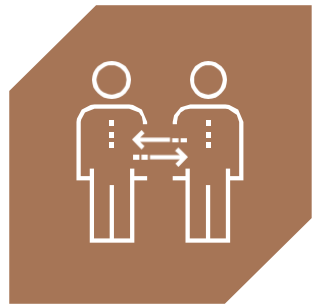
| | 2020 | Ambicja | 2030 |
|---|-----------------------------|---|------------------------------|
| LTIFR | 7,3 | <ul style="list-style-type: none"> ■ Zero accidents due to human and technical reasons, zero occupational diseases among KGHM employees and contractors. | |
| TRIR | 0,52 | <ul style="list-style-type: none"> ■ Constant striving for the lowest possible number of accidents. | Aiming at 0 accidents |
| Healthcare support via KGHM Polska Miedź Foundation | ca. PLN 11.5 m ¹ | <ul style="list-style-type: none"> ■ Increasing the capabilities of the healthcare system and helping people in need by supporting valuable projects improving the quality and safety of life provided through KGHM Polska Miedź Foundation. | ca. PLN 7 m |

HEALTH

1. Due to the epidemic situation, the „Health and Safety” area of activity of KGHM Polska Miedź Foundation in 2020 was particularly prioritized, hence the much higher granting in this area in the base year

KGHM GROUP'S STRATEGY

sets ambitious, although achievable, goals for 2030 (5/5)



Key Performance Indicators for the Updated Strategy of KGHM Group for the years 2022-2030

Prosociality

 Supporting the fair transition of mining

 Number of volunteer projects completed

 Support for culture, sport and health

| 2020 | Ambition | 2030 |
|----------------|---|-------------------|
| n/a | <ul style="list-style-type: none"> Supporting the fair transition of coal mining. | Creating new jobs |
| 25 | <ul style="list-style-type: none"> Unleashing the potential of employees and engaging KGHM to pro-social activities. | 30 |
| ca. PLN 38.5 m | <ul style="list-style-type: none"> Active promotion of important activities bringing added value to local communities and strengthening the positive image of Poland on the international arena. | ca. PLN 48 m |

PROSOCIALIT

THE OBJECTIVES OF THE STRATEGY ARE CONSISTENT WITH KGHM'S CLIMATE POLICY

and the climate goals set out therein for 2030 and 2050

Emission reduction targets of KGHM Polska Miedź S.A. and the main directions of decarbonization

MAIN DIRECTIONS OF DECARBONIZATION:

Reduction of indirect emissions Scope 2:

- Development of own emission-free and low-carbon sources
- Improving energy efficiency in production branches and streamlining technological processes
- Purchase of energy from RES via PPA contracts¹

Gradual reduction of direct emissions Scope 1:

- Hydrogen doping in technological processes
- First implementations in the field of electromobility

MAIN DIRECTIONS OF DECARBONIZATION:

The total reduction of indirect emissions Scope 2:

- Electricity and heat exclusively from emission-free and low-emission sources (own sources)

Maximum reduction of direct emissions:

- Hydrogen technologies
- Use of CCU and CCS technologies²
- Electromobility
- Implementation of advanced technologies within the production line

The potential offset of other emissions

2030

30% emission reduction

2050

climate neutrality





Thank you!
