

**Report of the Supervisory Board
of KGHM Polska Miedź S.A.
for 2022**

*/Adopted by Resolution No. 69/XI/23 of the Supervisory Board of KGHM Polska Miedź S.A.
dated 11 May 2023/*

Lubin, May 2023



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1. Introduction

Acting on the basis of art. 382 § 3 point 3) of the Commercial Partnerships and Companies Code (hereafter: CPC) and the Best Practice for GPW Listed Companies 2021 (hereafter: „Best Practice 2021” or „DPSN 2021”), the Supervisory Board of KGHM Polska Miedź S.A. (hereafter: „the Supervisory Board”) submits to the Ordinary General Meeting of KGHM Polska Miedź S.A. the following Report of the Supervisory Board for financial year 2022 (hereafter: „Report”) and requests its approval.

KGHM Polska Miedź S.A. (also hereafter: „KGHM” or „the Company”) during the period from 1 January 2022 to 31 December 2022 complied with the principles of corporate governance set forth in Best Practice 2021, adopted by the Exchange Supervisory Board on 29 March 2021 by resolution No. 13/1834/2021. These principles are available on the website of the Warsaw Stock Exchange dedicated to this subject: <https://www.gpw.pl/best-practice2021>, as well as on the corporate website of KGHM Polska Miedź S.A. in the corporate governance section: <https://kghm.com/en/investors/corporate-governance>.

KGHM Polska Miedź S.A. continually engages in actions to enable compliance with current trends in corporate governance and market expectations, including those expressed in DPSN 2021. KGHM Polska Miedź S.A. strives at every stage of its operations to apply the principles contained in DPSN 2021 to the greatest possible extent, taking into account the principles of proportionality and adequacy as well as the nature of the sector.

2. Information on the composition of the Supervisory Board in 2022, on the functions served by its Members and also changes in the composition of the Supervisory Board

The Supervisory Board exercises permanent supervisory duties over the Company, in all of the Company’s functional areas. The Supervisory Board is comprised of 7 to 10 members, appointed by the General Meeting, including 3 members elected by Employees of the KGHM Polska Miedź S.A. Group, whose election and dismissal are regulated by the rules adopted by the Supervisory Board.

The members of the Supervisory Board are appointed for a mutual term of office, which lasts three years.

The Supervisory Board acts on the basis of prevailing law, the Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin and the Bylaws of the Supervisory Board as well as the Best Practice for GPW Listed Companies.

The Supervisory Board continuously supervises the activities of the Company and carries out its tasks based on the special privileges granted to the Supervisory Board by the Statutes of the Company under Chapter IV § 20, and in turn by the Bylaws of the Supervisory Board under Chapter III § 8. The Supervisory Board performed its functions at Supervisory Board meetings, adopted resolutions outside of meetings in voting by means of direct communication at a distance and by delegating its members to work in the Committees of the Supervisory Board.

On 21 June 2022 the Ordinary General Meeting appointed as of 22 June 2022 the new, 11th-term Supervisory Board.

The following table presents the composition of the 11th-term Supervisory Board as at the date of preparation of this report:

<i>First name, surname</i>	<i>Function filled in the Supervisory Board</i>
Agnieszka Winnik-Kalemba	Chairwoman of the Supervisory Board
Katarzyna Krupa	Deputy Chairwoman of the Supervisory Board
Wojciech Zarzycki	Secretary of the Supervisory Board
Józef Czyczerski ¹⁾	Member of the Supervisory Board
Przemysław Darowski ¹⁾	Member of the Supervisory Board
Andrzej Kisielewicz	Member of the Supervisory Board
Bogusław Szarek ¹⁾	Member of the Supervisory Board
Marek Wojtków	Member of the Supervisory Board
Radosław Zimroz	Member of the Supervisory Board
Piotr Ziubroniewicz	Member of the Supervisory Board

¹⁾ Members of the Supervisory Board elected by the employees of the KGHM Polska Miedź S.A. Group.

The following table presents changes in the composition of the Supervisory Board in 2022

	<i>1 January - 21 June</i>	<i>22 June - 6 October</i>	<i>7 October - 23 November</i>	<i>24 November - 31 December</i>
Agnieszka Winnik-Kalemba	✓ (Chairwoman)	✓ (Chairwoman)	✓ (Chairwoman)	✓ (Chairwoman)
Katarzyna Krupa	✓ (Deputy Chairwoman)	✓ (Deputy Chairwoman)	✓ (Deputy Chairwoman)	✓ (Deputy Chairwoman)
Wojciech Zarzycki		✓ (Secretary)	✓ (Secretary)	✓ (Secretary)
Andrzej Kisielewicz	✓	✓	✓	✓
Marek Wojtków			✓	✓
Radosław Zimroz			✓	✓
Piotr Ziubroniewicz				✓
Józef Czyczerski ¹⁾	✓	✓	✓	✓
Bogusław Szarek ¹⁾	✓	✓	✓	✓
Przemysław Darowski ¹⁾	✓	✓	✓	✓
Bartosz Piechota	✓			
Jarosław Janas	✓ (Secretary)			
Robert Kaleta	✓	✓		
Piotr Dytko		✓		

¹⁾ elected by Employees of the Group

3. Information on the meeting of independence criteria by Members of the Supervisory Board and about relationships with shareholders holding at least 5% of the total number of votes in the Company

The following Members of the Supervisory Board: Agnieszka Winnik-Kalemba, Wojciech Zarzycki, Andrzej Kisielewicz, Piotr Ziubroniewicz, Radosław Zimroz and Marek Wojtków, have submitted declarations on meeting the independence criteria described in the Act dated 11 May 2017 on certified auditors, auditing firms and public oversight, and on the lack of actual or substantial relationships with shareholders holding at least 5% of the total number of votes in the Company (principle 2.3. of DPSN 2021).

The Supervisory Board analysed the submitted declarations on meeting independence criteria and adopted relevant resolutions regarding the performance of reviews of the declarations of members of the Audit Committee of the Supervisory Board, and ultimately confirmed that 6 of the

10 members of the Supervisory Board meet the independence criteria. As at the date of preparation of this report there were no changes in the aforementioned requirements.

4. Information on the number of meetings held and resolutions adopted, the attendance and significant issues which were dealt with by the Supervisory Board in the financial year 2022

The Supervisory Board carries out its duties based on the special privileges granted to it by the Company's Statutes and the Bylaws of the Supervisory Board, as well as under the corporate governance principles set forth in the Best Practice 2021. Each meeting of the Supervisory Board was attended by a quorum, which means that the Supervisory Board had the capacity to adopt resolutions in matters dealt with by a given agenda.

During the reporting period the Supervisory Board held 27 protocolled meetings at the Head Office of the Company and utilising means of direct communication at a distance, and adopted 193 resolutions, including 51 resolutions in voting utilising means of direct communication at a distance.

All of the absences of Supervisory Board members were justified by appropriate resolutions of the Supervisory Board.

The activities of the Supervisory Board in the financial year 2022 were documented in the minutes of the meetings and in resolutions representing appendices to the minutes.

The Supervisory Board exercises permanent supervisory duties over the activities of the Company in all of its operational areas, in accordance with the obligations and rights set forth in the Commercial Partnerships and Companies Code and other laws, the Statutes of the Company and the Bylaws of the Supervisory Board currently in force. Moreover, in performing their duties the Members of the Supervisory Board were directed by the principles contained in the Best Practice 2021. In 2022, each of the Members of the Supervisory Board in performing their duties considered the interests of the Company. The Management Board cooperated with the Supervisory Board, informing them of the status of important matters in the Company.

The representatives of the Supervisory Board participated in the Ordinary General Meeting of the Company on 21 June 2022 to enable them to share substantive responses to questions asked during the General Meeting.

All of the Members of the Supervisory Board applied due diligence in the performance of their duties, utilising their best knowledge and experience in supervising the companies of the Group, and consequently the Supervisory Board positively assesses the results of its work. Thanks to the high skills and commitment of individual Members of the Supervisory Board and efficient organisation, the Supervisory Board effectively carried out its tasks, guided by the interests of the Company.

As part of its activities, the Supervisory Board actively supported the Company's Management Board in achieving the Company's strategic goals, reviewed the requests of the Management Board regarding questions requiring the consent of the Supervisory Board, in accordance with resolutions of the General Meeting, the Company's Statutes and the adopted Bylaws of the Supervisory Board, and also reviewed other matters presented by the Management Board of KGHM Polska Miedź S.A.

4.1 Information on issues related to evaluating and opinion-granting competences, which the Supervisory Board dealt with in 2022

The Supervisory Board:

- 1) performed periodic evaluation as to the meeting by transactions, described in art. 90h sec. 1 and art. 90k of the Act on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, of the conditions described in art. 90j sec. 1 point 1 of this Act for each month of 2022,
- 2) reviewed the presented „Evaluation of the effectiveness of the functioning of the system of internal control, risk management, compliance and internal audit function”,
- 3) reviewed the Financial Statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2021,
- 4) reviewed the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2021,
- 5) reviewed the Management Board’s report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2021 prepared in conjunction with the Non-Financial Report of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2021,
- 6) approved the report on the results of the evaluation of the financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2021, the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2021, and the Management Board’s report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2021 prepared in conjunction with the Non-Financial Report of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2021,
- 7) approved and submitted to the Ordinary General Meeting a concise assessment of the standing of the Company for 2021,
- 8) provided an opinion regarding report of the Management Board of KGHM Polska Miedź S.A. on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management for 2021,
- 9) reviewed the proposal of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2021,
- 10) expressed a positive opinion regarding the proposal of the Management Board of KGHM Polska Miedź S.A. directed to the Ordinary General Meeting of KGHM Polska Miedź S.A. on setting the dividend date and dividend payment date for 2021.

4.2 Information on tasks in terms of their respective scope of competence

The Supervisory Board:

- 1) reviewed the declarations of independence of members of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A.,



- 2) the Supervisory Board approved the „Strategy of the KGHM Polska Miedź S.A. Group to 2030 with an outlook to 2040”,
- 3) approved the „Budget of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022.”
- 4) adopted resolutions regarding the manner of voting by a representative of KGHM Polska Miedź S.A. at the Extraordinary General Meetings of companies in the KGHM Polska Miedź S.A. Group,
- 5) approved the „Report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. for 2021”,
- 6) approved and submitted to the Ordinary General Meeting a Report on the remuneration of the Management Board and the Supervisory Board of KGHM Polska Miedź S.A. for 2021,
- 7) expressed its consent to the acquisition of shares in the company KGHM Centrum Analityki sp. z o.o. and on setting the manner of voting by a representative of KGHM Polska Miedź S.A. at the Extraordinary Shareholders Meeting of the company KGHM Centrum Analityki sp. z o.o.,
- 8) The Supervisory Board, due to the new 11th term, selected a Chairperson of the 11th term Supervisory Board of KGHM Polska Miedź S.A., a Deputy Chairperson of the Supervisory Board of KGHM Polska Miedź S.A., and a Secretary of the 11th term Supervisory Board of KGHM Polska Miedź S.A. Moreover, it appointed Committees of the 11th term Supervisory Board of KGHM Polska Miedź S.A., i.e. the Audit Committee, Remuneration Committee and Strategy Committee,
- 9) expressed its consent for the acquisition of shares of the company GPW Logistics S.A. and the non-tender sale of shares of the company GPW Logistics S.A.,
- 10) expressed its consent for the acquisition of shares of a company and setting the manner of voting by a representative of KGHM Polska Miedź S.A. at the Extraordinary Shareholders Meeting of a Group company,
- 11) reviewed the legal clauses resulting from changes in the Commercial Partnerships and Companies Code,
- 12) adopted a resolution regarding the manner of and deadlines for the Management Board to provide the Supervisory Board with information set forth in art. 380¹ of the Commercial Partnerships and Companies Code,
- 13) approved the „Bylaws of the Management Board of KGHM Polska Miedź S.A. in Lubin”,
- 14) expressed its consent for the acquisition of shares of the company CUPRUM Nieruchomości sp. z o.o. and setting the manner of voting by a representative of KGHM Polska Miedź S.A. at the Extraordinary Shareholders Meeting of CUPRUM Nieruchomości sp. z o.o.,
- 15) expressed its consent for KGHM Polska Miedź S.A. to enter into an agreement with Sumitomo Metal Mining Co., Ltd and Sumitomo Corporation,
- 16) expressed its consent to sell shares of SCM Franke,
- 17) expressed its consent for the acquisition of and disposal of properties of KGHM Polska Miedź S.A.,
- 18) the Supervisory Board approved the „Budget of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023”.

4.3 Subjects dealt with in terms of supervision of the ongoing activities of the Company and KGHM Polska Miedź S.A. Group

The Supervisory Board:

- 1) analysed the current economic and financial situation of the Company and the Group,
- 2) discussed reports on the Group’s activities in terms of its international assets,



- 3) reviewed reports on the status of advancement of the Strategy of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group,
- 4) discussed and reviewed information from the Management Board regarding the current production and investment situation of the Company and KGHM Polska Miedź S.A. Group,
- 5) reviewed reports on advisory, legal and marketing services in the Company and KGHM Polska Miedź S.A. Group,
- 6) expressed its consent for the acquisition of fixed assets in the amount exceeding PLN 50 000 000 under investments being advanced by the Company,
- 7) expressed its consent to enter into sponsoring agreements for 2022 with sport clubs, cultural and academic institutions,
- 8) expressed its consent to enter into subsidy agreements, such as the KGHM Polska Miedź Foundation and municipalities,
- 9) expressed its consent to subsidise in 2022 first degree dual studies and to advance a scholarship program for the best students majoring in „Mining and Geology” at the Jan Wyżykowski University in Polkowice,
- 10) expressed its consent to provide in 2022 funds to advance the project „Competent in the mining-metallurgical sector”,
- 11) expressed its consent for KGHM Polska Miedź S.A. to enter into a Memorandum of Understanding with TOTALENERGIES RENEWABLES SAS.,
- 12) expressed its consent to enter into cooperation agreements and to provide funds under such cooperation to municipalities on whose terrain KGHM Polska Miedź S.A. conducts its operations,
- 13) expressed its consent for the Głogów Copper Smelter and Refinery Division of KGHM Polska Miedź S.A. to enter into appendices to agreements from prior years,
- 14) expressed its consent to enter into an agreement with the Gmina (Municipality) of Żukowice for KGHM Polska Miedź S.A. to provide financing for the municipal investment „Construction of a municipal road connecting the GG-2 „Odra” Shaft worksite with national road DK12”,
- 15) expressed its consent to enter into scholarship agreements under the Scholarships Program for the best athletes called „Copper Rivalries” as part of the functioning of the CSR programs in the Company,
- 16) expressed its consent to enter into an agreement with the State Treasury regulating execution of the request of the President of the Council of Ministers contained in the decision regarding the temporary hospital in Lubin.

4.4 Tasks, which in terms of their scope of duties concern the Management Board

- 1) monitored on quarterly basis the manner of execution by the Members of the Management Board of management services contracts,
- 2) submitted a proposal to the Ordinary General Meeting regarding approval of the performance of duties of members of the Management Board of KGHM Polska Miedź S.A. for 2021,
- 3) expressed its consent for the President of the Management Board of KGHM Polska Miedź S.A. to serve as a member of the Supervisory Board of TAURON Polska Energia S.A.,
- 4) expressed its consent to enter into agreements on the use of a car for the purpose of executing the management services contracts by the Members of the Management Board of KGHM Polska Miedź S.A.,
- 5) assigned Management Goals to the Members of the Management Board of KGHM Polska Miedź S.A. for 2022,

- 6) approved the performance of the management goals and set the level of variable remuneration for the 10th-term President of the Management Board and Vice Presidents of the Management Board of KGHM Polska Miedź S.A. for 2021,
- 7) expressed its consent for the Members of the Management Board of KGHM Polska Miedź S.A. to serve in the bodies of entities other than KGHM Polska Miedź S.A. and expressed its consent to hold shares in other companies,
- 8) adopted resolutions regarding the dismissal of Members of the 11th-term Management Board of KGHM Polska Miedź S.A., i.e. the Vice President of the Management Board (Production), the President of the Management Board, the Vice President of the Management Board (International Assets) and the Vice President of the Management Board (Finance),
- 9) conducted qualification proceedings, whose goal was to review and assess the qualification of candidates and selection of the best candidates to serve as Members of the 11th-term Management Board of KGHM Polska Miedź S.A.,
- 10) approved the minutes of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A., regarding verification of the applications of candidates to serve as Members of the 11th-term Management Board of KGHM Polska Miedź S.A.,
- 11) established a ranking and a manner for conducting discussions with candidates to serve as Members of the 11th-term Management Board of KGHM Polska Miedź S.A.,
- 12) adopted the minutes of the qualification proceedings conducted to serve as Members of the 11th-term Management Board and informed the shareholders of KGHM Polska Miedź S.A. about the results of the qualification proceedings by providing the minutes on the website of the Company,
- 13) adopted resolutions regarding appointment of the Members of the 11th-term Management Board of KGHM Polska Miedź S.A., i.e. the Vice President of the Management Board (Production), the Vice President of the Management Board (Development), the President of the Management Board, the Vice President of the Management Board (International Assets) and the Vice President of the Management Board (Finance),
- 14) due to the submission of resignations from serving as a Member of the Management Board and in connection with the conducted qualification proceedings, resolutions were adopted regarding the temporary designation of duties to another Member of the Management Board of KGHM Polska Miedź S.A.,
- 15) set the detailed scope of duties of the appointed Members of the Management Board,
- 16) adopted resolutions regarding consent for the granting of mining degrees to Members of the Management Board.

4.5 Tasks involving cooperation with the audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.

- 1) met with the certified auditor to discuss the results of its audit of the financial statements of the Company and KGHM Polska Miedź S.A. Group for financial year 2021,
- 2) reviewed the conclusions of the audit of the financial statements of the Company and KGHM Polska Miedź S.A. Group for the year ended 31 December 2021,
- 3) reviewed the report of the certified auditor regarding its evaluation of the Report on the remuneration of the Members of the Management Board and Supervisory Board of KGHM Polska Miedź S.A. for 2021.

The Supervisory Board did not voice concerns regarding its cooperation with the Management Board.

5. Activities of the Committees of the Supervisory Board

In advancing the recommendations and principles set forth in the Best Practice 2021, in the past financial year the activities of the Supervisory Board were supported by the following Committees:

- 1) Audit Committee,
- 2) Strategy Committee,
- 3) Remuneration Committee.

The Committees of the Supervisory Board are advisory and opinion-creating bodies, which act collegially and provide assistance and advice to the Supervisory Board. The tasks of the Committees of the Supervisory Board are performed by presenting to the Supervisory Board proposals, recommendations, opinions and reports regarding the scope of their tasks.

The rights, scope of actions and manner of work are described in the Bylaws of the Committees as approved by the Supervisory Board.

5.1 Audit Committee

Pursuant to § 7 sec. 2 of the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A., the Audit Committee should be comprised of at least three members of the Supervisory Board. Most of the members of the Audit Committee, including its chairman, should meet the independence criteria specified in art. 129 sec. 3 of the Act dated 11 May 2017 on certified auditors, auditing firms and public oversight, and at least one member of the Audit Committee should possess knowledge and skills in the areas of accounting or the auditing of financial statements. Moreover, at least one member of the Audit Committee should possess knowledge and skills in the sector in which KGHM Polska Miedź S.A. operates.

Tasks and duties of the Audit Committee

- 1) monitoring the process of financial reporting, the effectiveness of internal control systems and risk management systems, oversight of compliance with the law and the function of internal audit, including financial reporting,
- 2) the conduct of financial reviews, particularly research conducted by an auditing firm, reflecting all of the conclusions and recommendations of the Polish Agency for Audit Oversight resulting from audits carried out within the auditing firm;
- 3) conducting reviews of transactions carried out by the Company, which the Audit Committee considers as significant for the Company,
- 4) providing an opinion on the Company's internal audit plan and the internal audit by-laws, as well as changes in the position of internal audit director, which is directly responsible to the president or other member of the Management Board,
- 5) analysis of the conclusions and recommendations of the Company's internal audit, including monitoring of the degree of implementation of the recommendations by the Company's Management Board,
- 6) controlling and monitoring the independence of the certified auditor and the auditing firm, in particular if the auditing firm also provides other services to the Company apart from auditing,
- 7) informing the Supervisory Board of audit results and explaining to what degree such audits have contributed to the reliability of financial reporting in the Company, and also what was the role of the Audit Committee in this process,

- 8) assessing the independence of the certified auditor and expressing consent for the certified auditor to provide permitted non-auditing services to the Company,
- 9) developing a policy to select the auditing firm for conducting audits,
- 10) developing a policy of providing permitted non-auditing services by the auditing firm conducting audits, entities affiliated to that auditing firm and by members of the auditing firm's network,
- 11) establishing procedures of selecting an auditing firm by the Company,
- 12) presenting the Supervisory Board with the recommendations referred to in Article 16 sec. 2 of Regulation No. 537/2014 (i.e. the recommendation regarding the appointment of certified auditors or auditing firms), in accordance with the policies referred to in points 9 and 11 above,
- 13) submitting recommendations aimed at ensuring the reliability of the Company's financial reporting process,
- 14) submitting recommendations to the Supervisory Board as to the selection of the independent auditor for the purpose of reviewing the internal audit function.

As at 31 December 2022, most of the Members of the Audit Committee, including its Chairman, met the independence criteria specified in art. 129 sec. 3 of the Act dated 11 May 2017 on certified auditors, auditing firms and public oversight. The independent Members of the Audit Committee in 2022 were Agnieszka Winnik-Kalemba, Andrzej Kisielewicz, Marek Wojtków and Wojciech Zarzycki.

The qualifications of the Members of the Audit Committee in the areas of accounting or the auditing of financial statements, as well as knowledge and skills in the sector in which KGHM Polska Miedź S.A. operates, resulted from the education, experience and professional practice of the Audit Committee's Members. Following is detailed information on their qualifications in the areas of accounting or the auditing of financial statements as well as their knowledge and skills in the sector in which KGHM Polska Miedź S.A. operates.

Wojciech Zarzycki was selected as a Member of the Audit Committee possessing qualifications in the field of accounting or the auditing of financial statements. In 2004 he obtained his master's degree from the Faculty of Economics at Poznań University of Economics and Business. He has been a statutory auditor since 2008 and he is a Member of the Polish Chamber of Statutory Auditors. Since 2009 he has been a Member of the ACCA (Association of Chartered Certified Accountants), and since 2022 he has held the title of Chartered Financial Analyst (CFA) in the United States, and is a member of the CFA Institute and CFA Society Poland. Since 2011 employed as a Manager, and subsequently as a Financial Director of companies of the Allianz Group in Poland (prior to the merger of Aviva companies). From 2016 to 2022 he was a Member of the Supervisory Board of KGHM TFI S.A. From 2005 to 2011 he worked as an Auditor in the company KPMG Audyt, conducting audits of the financial statements of insurance companies. From 2003 to 2005 he worked as an Accountant in the company Morison Finansista-Finlex.

Bogusław Szarek was selected as a member possessing knowledge and skills in the sector in which KGHM Polska Miedź S.A. operates resulting from many years of employment (since 1982) in KGHM Polska Miedź S.A. as well as being a member of the Supervisory Board of KGHM Polska Miedź S.A. since 2012, as a Member of the Supervisory Board of KGHM Polska Miedź S.A. elected by employees.

The following table presents changes in the composition of the Audit Committee in 2022.

	1 January – 21 June	22 June – 6 October	7 October – 23 November	24 November – 31 December
Wojciech Zarzycki		✓ (Chairman)	✓ (Chairman)	✓ (Chairman)
Jarosław Janas	✓ (Chairman)			
Bartosz Piechota	✓			
Robert Kaleta	✓	✓		
Agnieszka Winnik-Kalemba	✓	✓	✓	✓
Katarzyna Krupa	✓	✓	✓	✓
Andrzej Kisielewicz		✓	✓	✓
Bogusław Szarek	✓	✓	✓	✓
Przemysław Darowski	✓	✓	✓	✓
Marek Wojtków			✓	✓

In 2022 the Audit Committee held a total of 12 protocolled meetings and adopted 19 resolutions. With the exception of one meeting of the Committee, during the meetings all of the Members of the Audit Committee were present. The absence of the Member of the Audit Committee was justified based on resolutions of the Committee.

Information on the major issues dealt with by the Audit Committee of the Supervisory Board during their meetings in 2022

- 1) it reviewed the periodic reports on market and corporate risk management in the KGHM Polska Miedź S.A. Group, including in detail on key risk issues,
- 2) it formulated recommendations to the Supervisory Board as to the evaluation of the financial statements of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2021,
- 3) it evaluated the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2021 prepared in conjunction with the non-financial report of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group for 2021,
- 4) it provided recommendations to the Supervisory Board as to approval of the Report of the Supervisory Board on the results of its evaluation together with justification, regarding the Financial Statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2021, the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2021 and the Management Board's report on the activities of the Company and of the KGHM Polska Miedź S.A. Group in 2021 prepared in conjunction with the non-financial report of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group for 2021,
- 5) it formulated recommendations to the Supervisory Board with respect to the declaration of the Supervisory Board on complying with laws regarding the appointment, composition and functioning of the Audit Committee and its execution of tasks arising from prevailing laws,
- 6) it provided recommendations to the Supervisory Board with respect to the declaration of the Supervisory Board on selecting an auditing firm to audit the annual financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2021 and the annual consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2021 in accordance with the laws regarding the selection of and procedures for selecting the auditing firm,

- 7) provided a positive opinion regarding the Audit Plan in the KGHM Polska Miedź S.A. Group for 2022,
- 8) adopted the „Report on the activities of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2021”,
- 9) provided recommendations to the Supervisory Board with respect to the „Report of the Management Board of KGHM Polska Miedź S.A. on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management for 2021”,
- 10) provided recommendations to the Supervisory Board regarding the concise evaluation of the Company’s standing for 2021, including assessment of the systems of internal control, risk management and compliance as well as the internal audit function,
- 11) adopted the „Report on the execution of the internal Audit Plan for 2021, including assessment of the systems of internal control, risk management and compliance in the KGHM Polska Miedź S.A. Group”,
- 12) provided recommendations to the Supervisory Board with respect to the report on the results of the evaluation of the request of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2021,
- 13) provided recommendations to the Supervisory Board with respect to the evaluation of the request of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2021,
- 14) due to the new, 11th term, the Audit Committee adopted a resolution regarding selection of the Chairperson of the Audit Committee of the 11th-term Supervisory Board of KGHM Polska Miedź S.A.,
- 15) the Audit Committee verified the declarations of the independence of members of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A.,
- 16) approved the Report on the Review of the Management of the Anticorruption Management System in the KGHM Polska Miedź S.A. Group in accordance with the standard PN-ISO 37001:2017,
- 17) adopted the „Report on the execution of the Internal Audit Plan for the first half of 2022 of the KGHM Polska Miedź S.A. Group”.

In terms of cooperation with the audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa

- 1) The Audit Committee met with the certified auditor PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa:
 - a) to summarise the audit of the financial statements and the consolidated financial statements of the KGHM Group pursuant to the schedule for closing the accounts of the year 2021;
 - b) to summarise the review of the financial statements and the consolidated financial statements of the KGHM Group for the first half of 2022;
- 2) The Audit Committee reviewed the conclusions from the audit of the financial statements of KGHM Polska Miedź S.A. and the consolidated financial statements of the KGHM Polska Miedź S.A. Group.

5.2 Strategy Committee

The Strategy Committee operated under the rules of the Bylaws of the Supervisory Board and the Bylaws of the Strategy Committee. The Strategy Committee is comprised of at least three members of the Supervisory Board.

Tasks and duties of the Strategy Committee

- 1) execution, on behalf of the Company's Supervisory Board, of tasks in the area of oversight of issues associated with the Company's strategy and of the annual and long-term operating plans of the Company,
- 2) monitoring the execution by the Management Board of the Company's strategy and providing an opinion as to whether the existing strategy addresses the needs of the changing situation,
- 3) monitoring the execution by the Management Board of the annual and long-term operating plans of the Company and assessing whether these plans need to be modified,
- 4) assessment of the consistency of the annual and long-term operating plans of the Company with the Company's strategy as executed by the Management Board, and presentation of any proposed changes to all such Company documents,
- 5) submission to the Company's Supervisory Board of the Committee's opinions regarding draft strategies of the Company and any changes thereto and of the Company's annual and long-term operating plans, including the budget, as presented by the Company's Management Board, and
- 6) other tasks ordered by the Supervisory Board.

The following table presents changes in the composition of the Strategy Committee in 2022.

	1 January – 21 June	22 June – 6 October	7 October – 23 November	24 November – 31 December
Agnieszka Winnik-Kalemba	✓	✓	✓	✓
Andrzej Kisielewicz		✓	✓	✓ (Chairman)
Katarzyna Krupa		✓	✓	✓
Wojciech Zarzycki		✓	✓	✓
Marek Wojtków			✓	✓
Piotr Ziubroniewicz				✓
Radosław Zimroz			✓	✓
Józef Czyczerski	✓	✓	✓	✓
Bogusław Szarek	✓	✓	✓	✓
Przemysław Darowski	✓	✓	✓	✓
Bartosz Piechota	✓ (Chairman)			
Robert Kaleta	✓	✓		
Piotr Dytko		✓		

In 2022 the Strategy Committee held a total of 5 protocolled meetings and adopted 9 resolutions. During the meetings of the Committee all of the Members of the Strategy Committee were present.

Information on the major issues dealt with by the Strategy Committee of the Supervisory Board during its meetings in 2022

- 1) it expressed an opinion on approval of the „Strategy of the KGHM Polska Miedź S.A. Group to 2030 with an outlook to 2040”,
- 2) it issued an opinion on approval of the „Budget of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022”,

- 3) it provided a recommendation to the Supervisory Board regarding expressing consent for KGHM Polska Miedź S.A. to enter into an agreement regarding a Payment And Release Agreement with Sumitomo Metal Mining Co., Ltd and Sumitomo Corporation,
- 4) it issued an opinion regarding the „Report on the advancement of the Strategy of KGHM Polska Miedź S.A. for the years 2019 - 2023 in 2021”,
- 5) adopted the „Report on the activities of the Strategy Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2021”,
- 6) it provided a recommendation to the Supervisory Board on expressing consent to sell 100% of interest in SCM Franke,
- 7) due to the new, 11th term, the Strategy Committee selected a Chairperson of the Strategy Committee of the 11th-term Supervisory Board of KGHM Polska Miedź S.A.,
- 8) it expressed an opinion on approval of the „Budget of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023.”,
- 9) it issued an opinion on the „Report on the advancement of the Strategy of the KGHM Polska Miedź S.A. Group to 2030 with an outlook to 2040 for the first half of 2022”.

5.3 Remuneration Committee

The Remuneration Committee operated under the rules of the Bylaws of the Supervisory Board and the Bylaws of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A.

The Remuneration Committee should be comprised of at least three members of the Supervisory Board. Most of the members of the Remuneration Committee should meet the independence criteria set forth in § 3 sec. 3 of the Bylaws. At least one member of the Remuneration Committee should possess qualifications or experience regarding human resources management.

Tasks and duties of the Remuneration Committee

- 1) The conduct of issues related to the recruitment and employment of members of the Management Board, including through the development and organisation of draft documents and processes to be submitted to the Supervisory Board for approval,
- 2) The preparation of draft contracts/agreements and other sample documents related to the establishment of a legal relationship with Members of the Management Board and oversight of the execution of the contractual obligations of the parties,
- 3) Oversight of the operation of the Management Board remuneration system, in particular the preparation of settlement documents with respect to variable elements and bonus-based remuneration in order to submit recommendations to the Supervisory Board and development of a draft report of the Supervisory Board on remuneration of the Members of the Management Board and the Supervisory Board,
- 4) Monitoring and periodic assessment of the remuneration system for the Company's senior management and, if necessary, the preparation of recommendations for the Supervisory Board,
- 5) Oversight of the proper provision of additional benefits for Members of the Management Board arising from management contracts binding the Members of the Management Board with the Company, such as insurance, company cars, housing, etc.

The following table presents changes in the composition of the Remuneration Committee in 2022.

	1 January – 21 June	22 June – 6 October	7 October – 23 November	24 November – 31 December
Agnieszka Winnik-Kalemba	✓	✓	✓	✓
Andrzej Kisielewicz	✓ (Chairman)	✓	✓	✓
Katarzyna Krupa	✓	✓	✓ (Chairwoman)	✓ (Chairwoman)
Wojciech Zarzycki		✓	✓	✓
Marek Wojtków			✓	✓
Radosław Zimroz			✓	✓
Józef Czyczerski	✓	✓	✓	✓
Bogusław Szarek	✓	✓	✓	✓
Przemysław Darowski	✓			
Bartosz Piechota	✓			
Robert Kaleta		✓ (Chairman)		

In 2022 the Remuneration Committee held a total of 7 protocolled meetings and adopted 31 resolutions. During the meetings of the Committee all of the Members of the Remuneration Committee were present.

Information on the major issues dealt with by the Remuneration Committee of the Supervisory Board during its meetings in 2022

- 1) it adopted and presented to the Supervisory Board the minutes containing a list of all of the submitted applications and a list of candidates to serve as Members of the 11th-term Management Board of KGHM Polska Miedź S.A., whose applications meet formal requirements,
- 2) it provided recommendations to the Supervisory Board of KGHM Polska Miedź S.A. as regards the qualifications of the best candidates to serve as Members of the 11th term Management Board of KGHM Polska Miedź S.A.,
- 3) it provided a recommendation to the Supervisory Board regarding the designation of management goals amongst the Members of the Management Board of KGHM Polska Miedź S.A. for 2022,
- 4) it adopted the „Report on the activities of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2021”,
- 5) it provided recommendations to the Supervisory Board of KGHM Polska Miedź S.A. as to the adoption and submission to the Ordinary General Meeting of KGHM Polska Miedź S.A. of a Report on the remuneration of the Management Board and the Supervisory Board of KGHM Polska Miedź S.A. for 2021,
- 6) due to the new, 11th term, the Remuneration Committee selected a Chairperson of the Remuneration Committee of the 11th term Supervisory Board of KGHM Polska Miedź S.A.,
- 7) it provided recommendations to the Supervisory Board with respect to the execution of management goals and setting the level of variable remuneration for Members of the 10th-term Management Board, for 2021,
- 8) due to the dismissal of a Member of the Supervisory Board by the Extraordinary General Meeting, the Remuneration Committee selected a Chairperson of the Remuneration Committee of the 11th term Supervisory Board of KGHM Polska Miedź S.A.,
- 9) it provided recommendations to the Supervisory Board regarding expressing consent with respect to actions resulting from execution of the management services contracts with Members of the 11th term Management Board of KGHM Polska Miedź S.A. for management services provided to KGHM Polska Miedź S.A.,
- 10) it recommended and adopted resolutions regarding the Company's entering into management services contracts with the Members of the 11th term Management Board of KGHM Polska Miedź S.A. to provide management services to KGHM Polska Miedź S.A.,

- 11) it adopted resolutions regarding entering into agreements for the use of a car for the purpose of executing management services contracts with the Members of the 11th term Management Board of KGHM Polska Miedź S.A.

6. Results of the evaluation of the financial statements of the Company and the KGHM Polska Miedź S.A. Group, the report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group and the proposal of the Management Board of the Company regarding the appropriation of profit for the period

Acting on the basis of art. 382 § 3¹ point 1) of the CPC, the Supervisory Board evaluated the following documents:

- 1) The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022,
- 2) The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022,
- 3) The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022, and
- 4) The proposal of the Management Board regarding the appropriation of profit for financial year 2022.

The Supervisory Board reviewed the results of the audit conducted by the Auditor of KGHM Polska Miedź S.A.: PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (hereafter: Auditor).

In accordance with the auditor's report issued by the certified auditor, the separate financial statements were prepared in compliance with International Financial Reporting Standards adopted by the European Union and:

- a) accurately and clearly reflect the financial position and assets of the Company as at 31 December 2022 as well as its financial result and cash flow,
- b) is compliant in form and content with the existing laws under which the Company operates as well as with the Company's statutes, and
- c) were prepared on the basis of properly-maintained accounts in compliance with chapter 2 of the accounting act.

6.1 Evaluation of the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022, the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022 and the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022, in terms of their compliance with the accounts, documents and factual state

In accordance with art. 382 § 3 of the Commercial Partnerships and Companies Code, § 70 sec. 1 point 14 and § 71 sec. 1 point 12 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state and § 20 sec. 2 points 1) and 3) of the Statutes of KGHM Polska Miedź S.A., based on:

- ✓ the contents of documents presented by the Management Board of KGHM Polska Miedź S.A., in particular:

- 1) The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022,
 - 2) The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022, and
 - 3) The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022,
- ✓ the auditor's report on the audit of the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022,
 - ✓ the auditor's report on the audit of the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022,
 - ✓ the additional report of the auditor for the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A.,
- and based on:
- ✓ meetings of the Supervisory Board with representatives of the auditing company, including with the key certified auditor, and
 - ✓ recommendations of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. regarding providing an opinion on the audited financial statements

On 21 March 2023, the Supervisory Board KGHM Polska Miedź S.A. positively evaluated the following:

- 1) The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022,
 - 2) The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022, and
 - 3) The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022. The results of the evaluation with the justification are presented below.
1. Evaluation of the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022

The Supervisory Board reviewed and analysed the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022, comprising:

- | | |
|---------------------------------------------------------------------------------------------------------|--------------------|
| ✓ The Separate Statement of profit or loss showing a profit for the period of | PLN 3 533 million |
| ✓ The Separate Statement of comprehensive income with a total comprehensive income of | PLN 4 435 million |
| ✓ The Separate Statement of cash flows showing a decrease in net cash and cash equivalents by | PLN 344 million |
| ✓ The Separate Statement of financial position showing total assets and total equity and liabilities of | PLN 47 995 million |
| ✓ The Separate Statement of changes in equity showing an increase in equity by | PLN 3 835 million |

- ✓ Explanatory notes to the separate financial statements,

and reviewed the results of the audit carried out by the auditor of KGHM Polska Miedź S.A. (PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.).

In accordance with the auditor's report issued by the certified auditor, the separate financial statements were prepared in compliance with International Financial Reporting Standards adopted by the European Union and:

- ✓ accurately and clearly reflect the financial position and assets of the Company as at 31 December 2022 as well as its financial result and cash flow,
- ✓ is compliant in form and content with the existing laws under which the Company operates as well as with the Company's statutes, and
- ✓ were prepared on the basis of properly-maintained accounts in compliance with chapter 2 of the accounting act.

The Supervisory Board hereby declares that the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022 were prepared in all material aspects in accordance with International Financial Reporting Standards and is compliant with the accounts and documents, as well as the factual state.

2. Evaluation of the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022

The Supervisory Board reviewed and analysed the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022, comprising:

- | | |
|-------------------------------------------------------------------------------------------------------------|--------------------|
| ✓ The consolidated statement of profit or loss showing a profit for the period of | PLN 4 774 million |
| ✓ The consolidated statement of comprehensive income with a total comprehensive income of | PLN 5 645 million |
| ✓ The consolidated statement of cash flows showing a decrease in net cash and cash equivalents by | PLN 677 million |
| ✓ The consolidated statement of financial position showing total assets and total equity and liabilities of | PLN 53 444 million |
| ✓ The consolidated statement of changes in equity showing an increase in equity by | PLN 5 008 million |
| ✓ Explanatory notes to the consolidated financial statements, | |

and reviewed the results of the audit carried out by the auditor of KGHM Polska Miedź S.A. (PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.).

In accordance with the auditor's report issued by the certified auditor, the consolidated financial statements were prepared in compliance with International Financial Reporting Standards adopted by the European Union and:

- ✓ accurately and clearly reflect the financial position and assets of the Group as at 31 December 2022 as well as its financial result and cash flow,
- ✓ is compliant in form and content with the existing laws under which the Group operates as well as with the Company's statutes, and
- ✓ were prepared on the basis of properly-maintained accounts in compliance with chapter 2 of the accounting act.

The Supervisory Board hereby declares that the Consolidated financial statements of the KGHM Polska Miedź S.A. Group for the year ended 31 December 2022 were prepared in all material aspects in accordance with International Financial Reporting Standards and is compliant with the accounts and documents, as well as the factual state.

3. Evaluation of the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022

The Supervisory Board evaluated the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022 comprising the statement on non-financial information of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022 and declares that the report was prepared in accordance with art. 49 of the Act dated 29 September 1994 on accounting and with §70 and § 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state and is compliant with the information contained in the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022 and in the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022.

The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022 accurately and clearly reflects the economic and financial position of the Company and the KGHM Polska Miedź S.A. Group as well as their development. The completeness of the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2022 and the correctness of the disclosed information, was confirmed by the certified auditor.

Furthermore, the certified auditor, in its auditor's report, confirmed that the Company provided information in the Management Board's report regarding a statement on non-financial information, as provided for in art. 49b sec. 9 of the Act on accounting.

Consequently, the Supervisory Board positively evaluates the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A Group in 2022, comprising the statement on non-financial information of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2022.

6.2 Evaluation of the proposal of the Management Board to the Ordinary General Meeting regarding the appropriation of profit for financial year 2022

The Supervisory Board of KGHM Polska Miedź S.A. positively reviewed the proposal of the Management Board regarding the appropriation of profit for 2022 in the amount of **PLN 3 533 251 587.17**, by:

- payment of a dividend in the amount of PLN 200 000 000.00 (**1.00 PLN/ share**),
- transfer the amount of **PLN 3 333 251 587.17** to the reserve capital of the Company.

The proposal of the Management Board of KGHM Polska Miedź S.A. results from an assessment of the current financial possibilities of the Company, and takes into consideration the program of investments being implemented as well as the current and anticipated situation on the metals market. It is compliant with the existing Dividend Policy of KGHM Polska Miedź S.A., which provides for a balance to be maintained between the level of dividends paid out and opportunities to effectively invest the Company's funds given the current level of debt of the KGHM Polska Miedź S.A. Group.

Taking into account the justification of the Management Board of KGHM Polska Miedź S.A. regarding the manner of appropriation of profit for financial year 2022, the Supervisory Board positively reviewed and did not have any comments regarding the aforementioned proposal of the Management Board.

7. Assessment of the Company's standing with an evaluation of the adequacy and effectiveness of the internal control, risk management and compliance systems in terms of standards or applicable practices, and the internal audit function

In accordance with principle 2.11.3. of the Best Practice 2021, the Supervisory Board prepares and presents to the Ordinary General Meeting for its approval the annual financial statements, which among others contain an assessment of the standing of the Company on a consolidated basis, including an evaluation of the internal control, risk management and compliance systems and the internal audit function, with information on the actions taken by the Supervisory Board in performing this assessment. This assessment comprises all of the important control mechanisms, including in particular those involving reporting and the operating activities.

Moreover, in accordance with art. 382 § 3¹ of the CPS, the Supervisory board report shall include, among others, an assessment of the company's standing, with an evaluation of the adequacy and effectiveness of the company's internal control, risk management and compliance systems in terms of standards or applicable practices, and the internal audit function.

This assessment of the standing of the Company for 2022 on a consolidated basis, including an evaluation of the internal control, risk management and compliance systems and the internal audit function, was prepared among others based on documents received from the Management Board of KGHM Polska Miedź S.A. and from persons managing risk and compliance and also managing internal audit regarding information on the effectiveness of these functions, discussions held with the participation of the Management Board and other individuals invited to attend meetings of the Supervisory Board of KGHM Polska Miedź S.A., and also takes into account the financial statements and the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM

Polska Miedź S.A. Group, and based on the conclusions from the audit of the Company's accounts by a certified auditor and other audits.

7.1 Economic results of the Company in 2022

1. Production

In 2022 extraction of ore was more than 1% higher compared to the prior year which, given a slightly lower copper content, was the decisive factor in the slightly higher than in 2021 amount of copper in extracted ore, which amounted in 2022 to 442.7 thousand tonnes. The Company achieved electrolytic copper production in the amount of 586.0 thousand tonnes, exceeding the amount from 2021 by 1%. The improvement was achieved as a result of the optimisation of production capacity by increasing consumption of purchased copper-bearing materials.

Metallic silver production amounted to 1 298 tonnes, or 3% lower than in 2021, among others due to lower content of silver in extracted ore.

The production of other metallurgical products derives from the level of electrolytic copper production and on the Company's response to market demand.

2. Macroeconomic conditions in 2022

In 2022 the average price of copper on the LME amounted to 8 797 USD/t compared to 9 317 USD/t in 2021. The lowest level was recorded on 15 July, when the price of copper amounted to 7 000 USD/t. During the year copper fell by 13% (first versus last day of the year).

It should however be pointed out that due to the weakening of the Polish zloty (4.46 USD/PLN versus 3.86 USD/PLN in 2021) the price of copper in PLN (39 037 PLN/t – the daily LME price after NBP fixing) was 8% higher than that recorded in 2021.

3. Revenues from sales

In 2022, the sales volume of copper products in the Company amounted to 565.0 thousand tonnes, versus 561.5 thousand tonnes in the prior year. In 2022, sales of copper cathodes amounted to 279.7 thousand tonnes, or an increase by 0.1% compared to 2021, while sales of wire rod and OFE rod increased by 2%, reaching in 2022 the level of 282.3 thousand tonnes. The structure of sales of copper products was due to continuing high demand throughout the year for more highly-processed products, with higher margins compared to copper cathodes.

The sales volume of metallic silver in 2022 amounted to 1 338 tonnes, or an increase by 7% versus 2021, with production lower by 3%. Inventories of silver at the end of 2022 were allocated to satisfy the schedule of sales in 2023.

Total revenues from sales of KGHM Polska Miedź S.A. in 2022 amounted to PLN 28 429 million, or an increase by 15% versus 2021, when revenues amounted to PLN 24 618 million.

The increase in revenues from contracts with customers by PLN 3 811 million compared to the prior year was mainly due to higher prices of copper, silver and gold (+PLN 1 683 million) and higher volume (+PLN 427 million) as well as a lower than in the prior year negative adjustment of revenues due to hedging transactions (+PLN 1 469 million).

4. Cost of sales, selling costs and administrative expenses

The Company's cost of sales, selling costs and administrative expenses in 2022 amounted to PLN 24 463 million, or an increase by 19% compared to 2021. The increase was mainly with respect to the increase in electrolytic copper production by 8.4 thousand tonnes of copper as well as to a significant increase in the purchase price of technological materials, fuels and energy due to the current market situation.

Total expenses by nature for 2022 compared to 2021 were higher by 18%, mainly due to higher costs of:

- 1) consumption of purchased metal-bearing materials by PLN 1 727 million (higher amount by 15 thousand tonnes and higher price by 16%).
- 2) consumption of materials and energy (+PLN 1 718 million) – mainly due to higher prices of natural gas, electricity, coke and technological materials,
- 3) labour (+PLN 583 million) – due to an increase in remuneration rates,
- 4) external services (+PLN 354 million) – mainly due to an increase in transportation services, repairs and maintenance and mine development work,
- 5) depreciation/amortisation (+PLN 69 million) - an increase due to investments advanced in prior periods

with a lower minerals extraction tax by PLN 502 million.

The unit cash cost of payable copper production (C1) amounted to respectively: in 2021, 2.26 USD/lb and in 2022 - 2.38 USD/lb. The increase in this cost by 5% was mainly due to the higher costs of materials, external services and labour described above, but also to a lower valuation of by-products due to a decrease in silver prices. Positive impact on this cost came from a strengthening in the USD as compared to the PLN and to a lower minerals extraction tax.

5. Financial results and financial condition of the Company at the end of 2022

In 2022, the Company recorded an adjusted EBITDA of PLN 5 400 million and profit for the period of PLN 3 533 million. This means that EBITDA remained at a level slightly lower than the amount recorded in the prior year (-1%) and a lower profit for the period by 32%.

The main reason for the decrease in profit for the period was the reversal of impairment losses on shares of the subsidiary Future 1 Sp. z o.o. in the amount of PLN 1 010 million in 2021 (this entity indirectly holds 100% of the shares of KGHM INTERNATIONAL LTD.) and a lower than in 2021 reversal of impairment losses on financial instruments measured at amortised cost (a decrease in measurement from PLN 807 million to PLN 213 million), mainly in respect of loans granted to entities of the KGHM Polska Miedź S.A. Group.

Also of significance was the decrease in fair value gains on financial assets measured at fair value through profit or loss, from PLN 1 070 million to PLN 631 million (mainly in respect of loans).

On the other hand the decrease in the result due to the aforementioned factors was partially offset by the improvement in the result on the measurement and realisation of derivatives (+PLN 214 million), the lack of impairment losses on shares and investment certificates in subsidiaries (+PLN

182 million), the impact of exchange differences (+PLN 148 million) and lower income tax (+PLN 84 million).

Net cash generated from operating activities in 2022 amounted to +PLN 1 791 million. This amount was mainly comprised of profit before income tax in the amount of PLN 4 996 million (adjusted by the exclusion of income and costs in the amount of +PLN 247 million), income tax paid in the amount of PLN 1 575 million and a decrease in working capital of PLN 1 877 million. The change in working capital was mainly due to the following: an increase in inventories (-PLN 2 027 million) with an increase in trade payables by PLN 225 million.

Net cash used in investing activities in 2022 amounted to -PLN 1 629 million and mainly comprised expenditures on property, plant and equipment and intangible assets in the amount of -PLN 2 731 million and the balance of proceeds and expenditures due to loans granted, +PLN 1 043 million.

Net cash used in financing activities amounted to -PLN 506 million and mainly comprised dividends paid to shareholders in the amount of PLN 600 million.

After reflecting exchange differences on cash and cash equivalents, in 2022 cash and cash equivalents decreased by PLN 347 million and amounted to PLN 985 million.

As at 31 December 2022, total assets amounted to PLN 47 995 million, or an increase by PLN 4 537 million as compared to the end of 2021, or by 10%, mainly due to increases in the following items:

- inventories by PLN 2 087 million, including half-finished goods and work in progress (+PLN 1 235 million, finished goods (+PLN 479 million) and materials (+PLN 379 million),
- property, plant and equipment and intangible assets by PLN 1 502 million, resulting from advancement of investments – expenditures on property, plant and equipment and intangible assets in 2021 amounted to PLN 2 741 million,
- long-term financial instruments by PLN 461 million, including loans granted (+PLN 514 million),
- short-term derivatives by PLN 542 million.

There was an increase in equity and liabilities, mainly due to increases in the following items:

- equity by PLN 3 835 million, mainly with respect to the profit for 2022 in the amount of PLN 3 533 million,
- employee benefits liabilities (+PLN 589 million),
- borrowings, lease and debt securities (+PLN 562 million),
- provisions for decommissioning costs of mines and other technological facilities (+PLN 422 million),
- deferred tax liabilities (+PLN 415 million),
- trade and similar payables (+PLN 206 million)

alongside a decrease in:

- derivatives (-PLN 868 million),
- tax liabilities (-PLN 230 million).

The good condition of the Company and of the KGHM Group was also attested to by the debt ratios, including mainly net debt to EBITDA for the KGHM Group, which increased from 0.6 at the end of 2021 to 0.8 at the end of 2022, remaining at a safe level, substantially below covenant restrictions.

The full scope of financial and economic results of the Company was presented in the separate and consolidated financial statements for 2022, and the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2022. The Supervisory Board in resolutions no. 50/XI/23, 51/XI/23 and 52/XI/23 dated 21 March 2023, positively evaluated the aforementioned financial statements and the report, presenting them for approval by the Ordinary General Meeting of KGHM Polska Miedź S.A.

In 2022, the Supervisory Board oversaw the process of assessment and control of the economic situation of the Company both directly and through committees: Audit, Remuneration and Strategy, comprised of members of the Supervisory Board.

The Supervisory Board reviewed and approved the Budget for 2023 adopted by the Management Board, which identified the main economic and financial goals to be achieved in 2023. The Budget was approved by the Supervisory Board by resolution no. 109/XI/22 dated 28 December 2022, following a review by the Audit Committee of the Supervisory Board.

An important element of this process was the identification of key performance parameters and tasks (KPI's) for the Members of the Management Board, comprised of measures and indicators including safety, production and finance.

A subsequent phase of the assessment of the Company's standing comprised an analysis of current reports on the results achieved and the achievement of budgetary goals in the Company's individual operational and financial areas, including production, sales, investments, borrowing and the results of the Company and the KGHM Group. Reports are prepared by the Company after each reporting month and are subject to approval by the Management Board. In 2022, questions such as monitoring and assessing the execution of key investments, expenditures on advisory, legal and marketing services incurred by the Company, exposure to market risk, as well as the situation in the international assets and the Company's debt level required the particular attention of the Supervisory Board.

7.2 Assessment of the risk management system

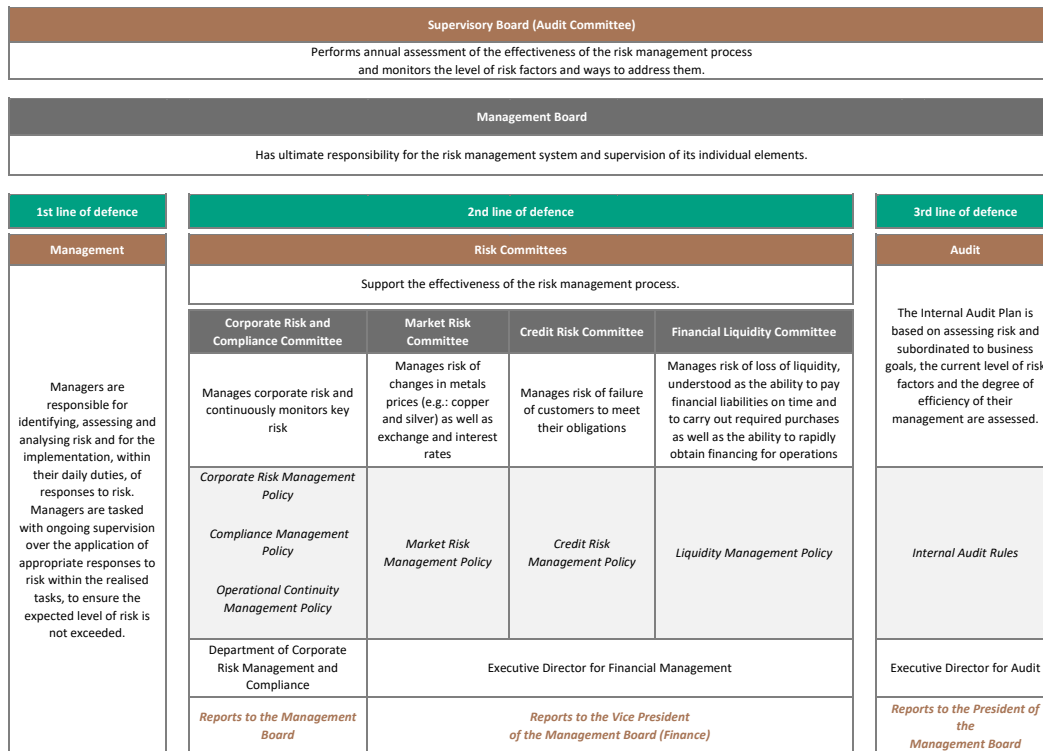
1. Comprehensive corporate risk management system

Under the implemented Corporate Risk Management Policy and Procedure and the Rules of the Corporate Risk and Compliance Committee in force, the process of corporate risk management in the KGHM Group is consistently performed. The Company oversees the process of managing corporate risk in the KGHM Group, while in the companies of the KGHM Group, documents regulating the management of corporate risk are consistent with those of the Company.

The Company has broken down its structure into units responsible for achieving tasks under the risk management system and ensures them of the possibility of reporting directly to the Supervisory Board. The breakdown of rights and responsibilities under this system within the KGHM Group applies best practice principles for Corporate Governance and the generally recognised model of three lines of defence, with the first line comprised of risk management by

business units and risk owners as well as control mechanisms in the company's operational processes, the second of functions supporting risk management, with the third being internal audit which controls the other lines.

Diagram 1. Organisational structure of risk management and compliance



The Management Board has ultimate responsibility for the risk management system and supervision of its individual elements. In accordance with the adopted model, the Supervisory Board, through the Audit Committee of the Supervisory Board, monitored the actions of the Management Board in terms of risk management in the Company and the KGHM Group, analysing among others the periodic Reports on Corporate Risk Management presented by the manager of the corporate risk management function as well as monitoring the level of key risks and the manner of dealing with these risks (including indicators to evaluate market, credit and liquidity risk). Moreover, the Supervisory Board, both in terms of the work of this body as well as through the work of the Committees (especially the Audit Committee and the Strategy Committee), engaged in comprehensive analyses of individual questions related to the risk of the KGHM Group, presented by the staff of the relevant units of the Company invited to attend the meetings of the aforementioned bodies as needed.

The comprehensive risk management system in the KGHM Group was described in detail in the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2022 together with an indication of the key risks, risk factors and mitigation.

Moreover the corporate risk management system is subjected to an efficiency audit compliant with the guidelines of the Best Practice 2021 carried out by the Internal Audit Department. The Management Board and the Department of Corporate Risk Management and Compliance provided the Supervisory Board with their own assessment of the functioning of the system in 2022,

performed on the basis of criteria of a qualitative and quantitative nature, confirming the general conformity of the corporate risk management function in the Company with the adopted evaluation criteria.

2. Market, credit and liquidity risk

The goal of market, credit and liquidity risk management in the KGHM Group is to restrict the undesired impact of financial factors on cash flow and results in the short and medium terms and to enhance the KGHM Group's value over the long term. The management of risk includes both the elements of risk identification and measurement as well as its restriction to acceptable levels. The process of risk management is supported by an appropriate policy, organisational structure and procedures. In the Company these issues are covered in the following documents:

- Market Risk Management Policy and the Rules of the Market Risk Committee,
- Financial Liquidity Management Policy and the Rules of the Financial Liquidity Committee,
- Credit Risk Management Policy and the Rules of the Credit Risk Committee.

The „Market Risk Management Policy in the KGHM Polska Miedź S.A. Group” covers selected mining companies in the KGHM Group (KGHM INTERNATIONAL LTD., FNX Mining Company Inc., Robinson Nevada Mining Company, KGHM AJAX MINING Inc.). Within the Company, key tasks are centralised involving the process of market risk management in the KGHM Group, such as coordination of the identification of sources of exposure to market risk, the proposal of hedging strategies, contacts with financial institutions aimed at concluding, confirming and settling derivatives transactions, and calculating measurements to fair value.

The Company actively manages market risk connected with changes in the prices of metals, exchange rates and interest rates, taking actions and decisions in this regard in the context of global exposure throughout the KGHM Group. In accordance with the „Market Risk Management Policy in the KGHM Polska Miedź S.A. Group” in 2022 the Company continually identified and measured market risk connected with changes in the prices of metals, exchange rates and interest rates (analysis of the impact of market risk factors on the activities of the Company and the KGHM Group – financial result, balance sheet, cash flow), and also analysed the metals, currency and interest rates markets. These analyses, along with assessment of the internal situation of the Company and the KGHM Group, represented the basis for taking decisions on applying hedging strategies on the metals, currency and interest rates markets.

Periodic reports and ad hoc analyses on the market risk management and its measurement, were provided to and presented at meetings of the Supervisory Board, enabling the requisite monitoring of this area.

Management of liquidity is conducted in accordance with the „Financial Liquidity Management Policy in the KGHM Group” which regulates in a comprehensive manner the process of financial liquidity management in the KGHM Group, which is realised by individual companies, while its organisation and coordination as well as the supervision thereof is performed in the Company.

The basic principles arising from the „Financial Liquidity Management Policy in the KGHM Group” are:

- to ensure the stable and effective financing of the KGHM Group’s activities,
- ongoing monitoring of the level of debt of the KGHM Group, and
- the efficient management of working capital.

The management of credit risk in the Company is performed in accordance with the „Credit Risk Management Policy” adopted by the Management Board. The Company serves in an advisory capacity for the companies of the KGHM Group as regards credit risk management. The „Credit Risk Management Policy in the KGHM Polska Miedź S.A. Group” covers selected companies in the KGHM Group, while its goal is to introduce a general, joint approach along with the most important elements of the credit risk management process.

3. Evaluation of the Supervisory Board – the risk management system in 2022

Based on ongoing monitoring, the analysis of documents and internal regulations in force, including periodic risk management reports submitted, self-assessments presented by the Department of Corporate Risk Management and Compliance, the evaluation of the system presented by the Management Board and the results of the review of effectiveness of the system in accordance with the guidelines contained in „Best Practice for GPW Listed Companies 2021”, carried out by the Internal Audit Department, the Supervisory Board hereby confirms that the risk management system:

- 1) ensures a consistent and clear breakdown of duties and responsibilities,
- 2) encompasses all areas of activity and elements of the value chain, enabling an appropriately early identification of risk and enabling adequate and effective mitigating actions to be undertaken,
- 3) is consistent with the strategy of growth, continually strives for operational improvement and the principles of sustainable and responsible business,
- 4) is a cyclical process, based on continual improvement, enabling adaptation to a changing environment (internal and external),
- 5) emphasises the promotion of an organisational culture which strengthens awareness of risk management within the Company and the KGHM Group, and
- 6) supports the Management Board and the Supervisory Board in carrying out their duties, both statutory and legal, as well as those involving the advancement of business goals by among others supplying critical information about risk, its factors, or methods of mitigation.

Taking the above into consideration, the Supervisory Board positively assesses the risk management system implemented in the KGHM Group. In 2022 the Supervisory Board had the opportunity to analyse on an ongoing basis the Company’s approach to key risks related to the advancement of the business goals. In the Supervisory Board’s opinion, the Company appropriately endeavoured to plan and execute actions aimed at minimising exposure to risk both by decreasing susceptibility to individual risk factors as well as reducing the probability of materialisation of negative events. It should however be noted that the process of risk management is always connected with uncertainty as to the effectiveness of mitigation of risk, especially in those areas beyond the direct control of the KGHM Group.

7.3 Evaluation of the compliance management system

1. Compliance system

The Company recognises that compliance is an important element in its effective functioning, which requires that decisive actions to be taken to ensure that this goal is achieved. In order to unify the approach to the systematic identification, evaluation and analysis of the risk of a loss of compliance, defined as adherence to laws generally in force (external and internal) and to voluntarily adopted legal regulations and standards (including ethical standards), in 2020 the Management Board adopted the Compliance Management Policy in the KGHM Polska Miedź S.A. Group and the Compliance Management Procedure and Methodology in KGHM Polska Miedź S.A. The process of compliance management, which is connected with the process of corporate risk management in the KGHM Group, is an important business tool used to prevent the occurrence of events which could result in the imposition of sanctions.

The Company has broken down its structure into units responsible for achieving tasks under the compliance management system and ensured them of the possibility of reporting directly to the Supervisory Board (the Audit Committee of the Supervisory Board). The breakdown of rights and responsibilities under this system in the KGHM Group applies best practice principles for Corporate Governance and the generally recognised model of three lines of defence. The organisational structure of risk management and compliance is presented above in Diagram 1.

The Management Board has ultimate responsibility for the compliance management system and supervision of its individual elements. In accordance with the adopted model, the Supervisory Board, through the Audit Committee of the Supervisory Board, monitored the actions of the Management Board in terms of compliance management, analysing among others the periodic Reports on Corporate Risk Management presented by the manager of the corporate risk management and compliance function, which contained information on the risk of a loss of compliance, its monitoring and how to proceed. Moreover, the Supervisory Board, both in terms of the work of this body as well as through the work of the Committees (especially the Audit Committee and the Strategy Committee), engaged in comprehensive analyses of individual questions related to the risk of the loss of compliance presented by the staff of the relevant units of the Company invited to attend the meetings of the aforementioned bodies as needed.

Functioning in the Company are a variety of organisational units (such as the Department of Corporate Risk Management and Compliance, the Supply Chain Security Department, the Ethics and Anticorruption Procedures Unit, the Legal Department and the Legal Unit) as well as systemic solutions (such as employee access to legal databases, formalised internal procedures for legal interpretations, processes to identify legal requirements and to assess their compliance in terms of the ISO standards in force in the Company), which are aimed at ensuring compliance.

In 2022, actions continued on enhancing the efficacy of the compliance system, such as regards the selection of complementary IT solutions necessary to advance the process.

2. Evaluation of the Supervisory Board – compliance system in 2022

Based on ongoing monitoring, the analysis of documents and internal regulations in force, periodic risk management reports submitted, self-assessments presented by the Department of Corporate Risk Management and Compliance, the evaluation of the system presented by the Management Board and the results of the review of effectiveness of the system in accordance with the guidelines contained in „Best Practice for GPW Listed Companies 2021”, carried out by the Internal Audit Department, the Supervisory Board hereby confirms that the compliance management system:

- 1) ensures a consistent and clear breakdown of duties and responsibilities,
- 2) is an important business tool used to prevent the occurrence of events which could result in the imposition of sanctions,
- 3) reflects both adherence to laws generally in force and internal regulations as well as to voluntarily adopted legal regulations and standards,
- 4) assumes the development of and the effective realisation of transparent and active participation in the process of creating legal norms and business standards,
- 5) assumes the regularity of stages and undergoes cyclical continual improvement, enabling adaptation to a changing environment (internal and external),
- 6) emphasises the promotion of an organisational culture which strengthens awareness of ensuring compliance and avoiding non-compliance or risk of the loss of compliance, and
- 7) supports the Management Board and the Supervisory Board in carrying out their duties, both statutory and legal, as well as those involving the advancement of business goals by among others supplying critical information about the risk of a loss of compliance.

Taking the above into consideration, the Supervisory Board positively assesses the functioning in the KGHM Group of the compliance management system. In the Supervisory Board’s opinion, the Company systematically develops the system, as reflected in the actions taken in 2022. The Supervisory Board had the opportunity to analyse on an ongoing basis the Company’s approach to key risks related to the loss of compliance. The Company appropriately endeavoured to plan and execute actions aimed at minimising exposure to the risk of loss of compliance.

7.4 Evaluation of the effectiveness of the internal audit and internal control system

The internal audit system is aimed at ensuring effective and efficient Company operations, the accuracy of financial reporting and the compliance of the Company’s actions with laws in force and internal regulations.

The internal control system comprises the areas of oversight, all of the internal procedures, the function of compliance with laws, the financial reporting system, organisational structures, IT systems audits and other control mechanisms aiding in the achievement of the Company’s goals as well as having an impact on its security and the stability of its functioning. The internal control system is realised in order to rationally ensure effective and efficient operations, the accuracy of information disclosed, in particular as regards financial statements as well as the adequacy and operational efficiency of the audits conducted.

The internal control system is supervised in the Company by:

- the actions of the Management Board, involving the establishment of an appropriate and effective internal control system,
- monitoring the efficiency of the internal control system by the Supervisory Board's Audit Committee, and
- oversight by the owners of individual business areas over their respective organisational units.

In addition, in terms of institutional control, actions are undertaken by specialised units, in particular those responsible for security and internal auditing.

The internal audit function plays a special role, and is performed by a separate organisational unit in the Company – the Internal Audit Department, headed by the Executive Director for Audit. The internal audit function is overseen by the Supervisory Board's Audit Committee, which issues opinions on internal audit regulations, the annual internal audit plan and receives a half-year and an annual report on the execution of audit plans. The Executive Director for Audit presents reports on the execution of audit plans at meetings of the Supervisory Board's Audit Committee. Moreover, the Audit Committee of the Supervisory Board may order the conduct of ad hoc audits.

The Internal Audit Department systematically evaluates and monitors the control mechanisms and identifies potential risks in individual processes occurring in the Company and in the entire KGHM Group, as well as uncovers irregularities and violations of existing procedures. Audit tasks in Sierra Gorda SCM (hereafter „SG”) are carried out by SG's internal audit team.

Auditing activities focus on assessing risk and evaluating and monitoring the functioning of the internal control systems in individual processes occurring in the Company and KGHM Group.

The work of internal auditing in the Company is based on the principle of independence, and may encompass all areas of the Company's and the KGHM Group's operations. In cases where the employees of the Internal Audit Department do not possess sufficient competence in an area which is to be assessed, the Department makes use of internal or external experts.

In 2022, 32 audits were conducted. Most of them were performed in several, or a dozen or so, KGHM Group entities simultaneously. These tasks were performed both in the divisions as well as in companies of the KGHM Group, including those outside Poland.

As a result of audits performed in 2022, recommendations were formulated for implementation. A summary of the results and recommendations from the comprehensive work were described in the Report on the Implementation of the Internal Audit Plan for 2022 of the KGHM Polska Miedź S.A. Group.

The audits carried out uncovered irregularities and violations of, among others, a formal and legal nature, violations of employee duties, and also inefficient management of resources in various units of the KGHM Group. The recommendations made in respect of the controlled units were aimed at eliminating the identified irregularities and strengthening the internal control system by implementing corrective procedures. The implementation of recommendations is continuously monitored by the Internal Audit Department.

In the Supervisory Board's opinion, the internal audit and internal control system is effective, and is an important element of risk management as regards the functioning of the control mechanisms in the activities of the Company. Independent and objective information on the internal control system and risk management systems as well as the analysis of business processes in the KGHM Group supplied by internal audit, in the opinion of the Supervisory Board represents value added and contributes to the organisation's operational improvement.

8. Evaluation of the manner in which the Company met its informational obligations as regards the application of corporate governance principles, as set forth in Warsaw Stock Exchange Rules and in regulations regarding current and periodic information published by the issuers of securities, with information on the actions taken by the Supervisory Board in performing this assessment

In accordance with principle 2.11.3. of the Best Practice 2021, the Supervisory Board prepares and presents to the Ordinary General Meeting for its approval the annual financial statements, which among others contain an assessment of the manner in which the Company met its informational obligations as regards the application of corporate governance principles, as set forth in Warsaw Stock Exchange Rules (hereafter: „WSE Rules”) and in regulations regarding current and periodic information published by the issuers of securities and the conditions of recognising information as equivalent as required by the laws of a non-member state (hereafter: „Decree”), with information on the actions taken by the Supervisory Board in performing this assessment.

In the opinion of the Supervisory Board, the informational obligations were complied with in 2022 in accordance with WSE Rules and the Decree. In the opinion of the Supervisory Board, the Company strives at every stage of its operations to apply the principles of DPSN 2021 and monitors the execution of the resulting obligations.

On 22 February 2022, based on § 29 sec. 3a of the Warsaw Stock Exchange Rules, KGHM Polska Miedź S.A. provided Information on an incidental breach of principle 2.4 of DPSN 2021 in connection with a secret ballot conducted on 21 February 2022 at the request of one of the members of the Supervisory Board, in a point of the agenda on changes in the composition of the Management Board of the Company.

In accordance with § 29 sec. 3 of the Warsaw Stock Exchange Rules, in order to ensure complete information on the current status of application of corporate governance principles, the Company on 1 April 2022 published current information which describes those principles which are currently complied with by the Company, and those principles which are not applicable to the Company or which are not complied with on a permanent basis, which an explanation of the circumstances and reasons for the lack of application. The „Statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021” is available on the Company's website in the section dedicated to this subject: <https://kgmh.com/en/investors/corporate-governance>.

On 22 March 2023 the Company published the Management Board's Report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2022, which includes a Corporate Governance Statement for 2022 containing information required under § 70 sec. 6 point 5) of the Decree.

In the opinion of the Supervisory Board the Company has a transparent and effective informational policy, ensuring a simple and non-discriminatory access to disclosed information, utilising various communications tools. The Company manages a corporate website which provides, in a clear and accessible manner, the basic corporate documents, including the Company's Statutes, the Bylaws of the Supervisory Board and of the Management Board, information on the composition of the Company's bodies with biographical data along with information on the meeting of independence criteria by the members of the Supervisory Board, and also conducts a transparent informational policy aimed at the Company's shareholders and other stakeholders, including the Group's business strategy.

The Supervisory Board:

- 1) conducted a separate review of the actual state and uniformity of information published by the Company based on § 29 sec. 3 of the WSE Rules and §70 sec. 6 point 5) of the Decree and with respect to the principles of Best Practice 2021,
- 2) independently reviewed the section of the corporate website dedicated to corporate governance in terms of the factual state published in applicable reports, and
- 3) made a qualitative assessment of the explanations as to the circumstances and reasons published by the Company for not complying with principles of Best Practice 2021.

Taking into consideration the aforementioned actions, the Supervisory Board positively evaluates the manner in which the Company met its informational obligations regarding the application of the corporate governance principles as set forth in WSE Rules and in the Decree.

9. Evaluation of the execution by the Management Board of its obligations to inform the Supervisory Board of information resulting from the Commercial Partnerships and Companies Code together with an evaluation of the manner of preparation or delivery to the Supervisory Board by the Management Board of information, documents, reports or explanations

In accordance with art. 382 § 3¹ point 3 of the Commercial Partnerships and Companies Code (hereafter CPC) the Supervisory Board in its annual report evaluates the execution by the Management Board of its obligations to inform the Supervisory Board of information resulting from art. 380¹ of the CPC together with an evaluation of the manner of preparation or delivery to the Supervisory Board by the Management Board of information, documents, reports or explanations requested in the manner set forth in art. 382 §4 of the CPC. The aforementioned obligation was introduced by an amendment to the CPC dated 13 October 2022.

Following the introduction of the aforementioned changes to the CPC, the Management Board provided to the Supervisory Board, in the timelines indicated in resolution No. 120/XI/22 of the Supervisory Board, information on the following:

- 1) resolutions of the Management Board and their subjects,
- 2) the condition of the Company, including as regards its assets, as well as substantial circumstances regarding the conduct of Company business, in particular as regards the operations, investments and personnel,
- 3) progress in advancing the indicated directions of development of the Company's activities.

Following the introduction of the aforementioned change to the CPC, the Management Board did not immediately inform the Supervisory Board that the following events or circumstances had occurred:

- 1) transactions and other events or circumstances which substantially impacted or could impact the condition of the Company's assets, including its profitability or liquidity,
- 2) changes in information previously provided to the Supervisory Board, if such changes substantially impacted or could have impacted the condition of the Company.

The Management Board executed the aforementioned obligations both in respect to KGHM Polska Miedź S.A as well as its subsidiaries or associated companies.

The information, documents, reports or explanations received in 2022 by the Supervisory Board, based on art. 382 § 4 of the CPC, met the expectations of the Supervisory Board both in form and content as well as their punctual receipt, and conformed to the requirements of the CPC.

In the Supervisory Board's opinion, the informational obligations introduced by the amendment to CPC on 13 October 2022 were complied with in accordance with the requirements of the CPC. In the opinion of the Supervisory Board, the Company strives at every stage of its operations to ensure compliance with the requirements of the CPC and monitors the execution of the resulting obligations.

Taking into consideration the aforementioned actions, the Supervisory Board positively evaluates the performance by the Management Board of the Company of the obligations described in art. 380¹ of the CPC, and the manner of preparation or delivery to the Supervisory Board by the Management Board of the information, documents, reports or explanations requested in the manner set forth in art. 382 § 4 CPC does not raise any reservations.

10. Evaluation of the rationale of expenditures on the support of the arts, sports, charitable institutions, the media, social organisations, trade unions etc.

Since 2013, the Company, in its Integrated Annual Report, and previously in its Reports on Corporate Social Responsibility, has published detailed information on the results of its activities regarding regional support, including data on its sponsoring and charitable activities.

The sponsoring activities of KGHM Polska Miedź S.A. are closely connected with activities involving Corporate Social Responsibility (CSR) and foresee the commitment of funds on achieving planned activities, aimed on the one hand at promoting the Company through the presence of the KGHM brand at, among others, prestigious events in Poland and abroad, and on the other hand at supporting valuable initiatives and ventures involving culture, sport, science and preventative, aiding in social development.

In terms of culture and society, in 2022 KGHM sponsored 66 events and initiatives in the amount of over PLN 10.5 million. In 2022 the Company continued sponsoring the Royal Castle in Warsaw, in which it organised a stationary exhibit, as well as online lectures for children. The Company was also a sponsor of the Wrocław Opera. KGHM also continued its patronage of the Warsaw Uprising Museum, which gave museum lectures on history and the Polish language (stationary and on-line) at various educational levels – from primary school to secondary school, technical and sector schools.

In terms of academia, in 2022 KGHM sponsored 536 events and initiatives in the amount of over PLN 4 million, including events in the world of science, thanks to which KGHM is able to develop, while its experts can share their knowledge and experiences. The Company prioritised events from Lower Silesia and those related to the conducted operations, including in particular projects and initiatives in the area of innovation, as well as cooperation with schools of higher learning and scientific institutions. KGHM participated in the largest economic and sector events, including the Economic Forum, the Development Vision Forum and the 590 Congress.

In terms of sport, in 2022 KGHM sponsored 56 events and initiatives in the amount of over 37 million. It was the main sponsor of the Extraclass football club Zagłębie Lubin, but it also supported handball and volleyball clubs (teams at the highest league level in Poland). For years KGHM has been one of the sponsors of the Bieg Piastów run in Jakuszyce.

The Company also supported other running events – Cross Straceńców (Cross-Country Race of Desperados) and the Noworoczny Marszobieg (New Year's run) in Głogów, Tropem Wilczym – “Doomed Soldiers” Memorial Run, but also local sporting organisations, whose members include employees of the KGHM Group.

To ensure the transparency of the principles of undertaking decisions involving the sponsoring of a given project, offers are reviewed by a Sponsoring Committee consisting of five members, which acts on the basis of the Sponsoring Policy adopted in 2019. Its decisions are documented in each case by meeting minutes, which are approved by the President of the Management Board of KGHM Polska Miedź S.A. The signing of agreements valued at more than PLN 100 000 requires that the Sponsoree submit the assumed specific equivalent of the proposed benefits. The total amount of 57 settled agreements with a value of over PLN 100 000 amounted to PLN 43 936 000, and their equivalent to PLN 56 599 605.17.

Entering into sponsoring agreements with a value of over PLN 500 000 requires the consent of the Management Board and the Supervisory Board. The same is the case for donations by the Company, they require the consent of the Management Board and the Supervisory Board if they exceed the amount of PLN 20 000.

In 2022, 180 sponsoring agreements were settled.

The activities of the KGHM Group in terms of sponsorship is regulated by the Sponsoring Policy of KGHM Polska Miedź S.A. and the Sponsoring Committee's procedure for providing an opinion.

In 2022, cooperation was strengthened with institutions responsible for the support of foster families, and a variety of actions promoting foster parenting as part of the social campaign „Mie(d)z Rodzinę” (Have a Family) were conducted, for example the organisation of trips for foster families in Jakuszyce under a sponsoring agreement with the Bieg Piastów event.

KGHM also proposed participation in the CLICK program to local governments and their related institutions, under which they were provided free e-subscriptions for selected periodicals for libraries and schools in the Copper Basin.

In 2022, the foundation continued to support actions involving mental health. In this regard the second edition of the Depression Prevention and Treatment Program was commenced, and 9 projects were also subsidised, including through NGOs in the Copper Basin. Their beneficiaries were inhabitants of the Copper Basin (over 8 thousand people annually).

In 2022, in terms of actions to support society carried out by KGHM Polska Miedź S.A., subsidizing was provided for diagnosing the problems and potential of youth from schools in the region, as well as the advancement of recommended programs, in which a total of more than 8000 students,

5000 parents and around 1 thousand teachers participated. In addition, parents in the Copper Basin participated in the 25th edition of the project „Schools of Parents and Educators” and other pro-family initiatives.

Subsidies also continued to be provided to partner schools of non-governmental organisations. Under the NGO Academy of the Copper Basin, three training cycles were organised.

In 2022, the program included a total of 27 athletes, including two youth scholarships in the amount of PLN 25 thousand each - representatives of various sporting disciplines. 216 agreements were a continuation of previous cooperation, in more than one case commenced in 2019 at the inauguration of the program.

In 2022, the group of „Miedziana Rywalizacja” (Copper Rivalry) scholarship recipients was comprised of 14 athletes connected with the Copper Belt and thirteen Olympian winners.

In 2022, given the ongoing pandemic threat, 6 official, collections of materials were conducted for the needy, 4 campaigns involving the promotion of an active lifestyle combined with charitable campaigns, 3 educational projects, 2 financial collections for needy colleagues.

To ensure the safety of employees, the annual campaign „Pączek ze szlachetnym nadzieniem” (Doughnut with Noble Filling) was the first time an online donation, and the doughnuts were not distributed to the divisions of KGHM. Despite this altered format, 160% of the planned goal was achieved.

Likewise due to safety concerns, volunteers supported athletes only on the Summer Piast Run, when the pandemic restrictions were eased.

During the ongoing coronavirus epidemic, the world grounded to a halt as a result of the outbreak of the war in Ukraine. Many of KGHM’s employees rushed to help the refugees, organising numerous collections, while many of them took in refugees into their homes.

Volunteers prepared and visited orphanages and local places of education and care giving, providing aid to the children there. With a special gift, a dream loudspeaker, children from the Orphanage in Wilków left the Christmas Eve meeting in KGHM.

Volunteers – teachers - Volunteers from the Concentrators Division, with specially-developed original educational programs „Dzieci Miedzi” and „Św. Barbara” visited 44 sites, sharing knowledge about the mining and processing of copper, as well as mining traditions with nearly 4000 children and educational employees.

One of the social pillars of corporate social responsibility is the KGHM Polska Miedź Foundation, which has engaged in acts of goodwill and charitable activities since 2003.

The ventures carried out in 2022 were a natural continuation of the existing activities of the Foundation and the result of changes to the program specified during joint meetings between the Council’s Management Board and Supervisory Board and the leadership of the Founder – KGHM Polska Miedź S.A.

The activities of the KGHM Polska Miedź Foundation in 2022 focused on granting subsidies and controlling their distribution and on advancing the program. The obligations undertaken by the Foundation were carried out with the highest care, thorough analysis of the needs addressed and with particular attention paid to possibilities for assistance. In 2022 the Foundation developed its activities, advancing its statutory goals in four areas: health and safety, science and education, sport and recreation and culture and traditions.

In 2022, the KGHM Polska Miedź Foundation, pursuant to its statutory objectives, as well as to the extent possible, endeavoured to respond to diverse social needs. Support was provided in the form of cash subsidies in the total amount of PLN 36 684 034.56, including PLN 35 185 924.53 for the advancement of 430 projects and PLN 1 498 110.03 for 158 private persons.

KGHM, through its communication strategy, cooperates with the media. The Company functions on a global market, is exposed to the volatility of this market, unrest caused by trade wars and is subjected to increasingly restrictive legal requirements and stakeholder expectations involving corporate social responsibility. Because of this it initiates and maintains ongoing dialogue with key stakeholders of the Company, which enables it to build understanding and acceptance for strategic projects advanced by KGHM Polska Miedź S.A.

Towards this end communications activities are engaged in a manner which guarantees the communication of information of adequate benefits resulting from the activities of KGHM to the most important stakeholders. These include media relations (i.e. regular contact with the media representatives, the publication of information and press releases and the organisation of meetings with the media in Warsaw and in the areas where the Company's activities are located), social media (meaning ongoing dialogue with stakeholders in the main social media platforms: LinkedIn, Twitter and Facebook) and the promotion of KGHM experts through appearances in the media and participation in key business and sector conferences.

In compliance with the Best Practice of Companies Listed on the Warsaw Stock Exchange, KGHM Polska Miedź S.A. discloses expenditures related to trade unions functioning within the Company. In 2022 they amounted in total to PLN 14 334 146, including remuneration together with surcharges of trade union representatives exempted from the obligation to work, PLN 13 526 463, in accordance with the Act dated 23 May 1991 on trade unions (Journal of Laws 2022.854, unified text of 20 April 2022).

In the opinion of the Supervisory Board, the expenditures incurred on supporting sport, culture, education and charitable organisations as well as trade unions, are fully justified, as they have a substantial impact on building brand image and positive relations with the surroundings, as well as society.

11. Information on total remuneration due from the Company due to research ordered by the Supervisory Board from advisors under art. 382¹ of the CPC

Based on art. 382¹ of the CPC, during the financial year there were no orders made to meet the needs of the Supervisory Board involving costs to be incurred by the Company of specified matters regarding the Company's activities or its assets by a selected advisor.

In 2022, given existing doubts of a formal and legal nature, legal opinions were prepared for the Supervisory Board by the internal legal service.

The Supervisory Board of KGHM Polska Miedź S.A. hereby submits to the Ordinary General Meeting the above report on the execution of its duties in the financial year ended 31 December 2022.

Chairwoman of the Supervisory Board
Agnieszka Winnik-Kalemba

Deputy Chairwoman of the Supervisory Board
Katarzyna Krupa

Secretary of the Supervisory Board
Wojciech Zarzycki

Member of the Supervisory Board
Józef Czyczerski

Member of the Supervisory Board
Przemysław Darowski

Member of the Supervisory Board
Andrzej Kisielewicz

Member of the Supervisory Board
Bogusław Szarek

Member of the Supervisory Board
Marek Wojtków

Member of the Supervisory Board
Radosław Zimroz

Member of the Supervisory Board
Piotr Ziubroniewicz

appropriate signatures on the original

Lubin, 11 May 2023

Translation from the original Polish version

