

THE FUTURE IS MADE
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REALIZATION OF STRATEGY

of the KGHM Group to 2030 with
an outlook to 2040 in 2022

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STRATEGY OF THE KGHM GROUP



STRATEGY OF THE KGHM GROUP TO 2030 WITH AN OUTLOOK TO 2040



While the mission and vision of KGHM remain unchanged, the strategic directions were expanded to include a fifth element – Energy, to reflect changes in the overall environment.

MISSION	TO ALWAYS HAVE COPPER
VISION	To use our resources efficiently to become the leader in sustainable development



KEY PERFORMANCE INDICATORS FOR THE STRATEGY OF THE KGHM GROUP FOR THE YEARS 2022-2030 – ADVANCEMENT IN 2022

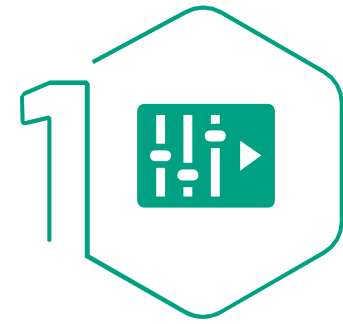


	2020 (base year)	2022	2030
Recycling of scrap	Approx. 124 kt of copper scrap	151 kt of copper scrap	Approx. 350 kt of copper scrap
Domestic copper production	Approx. 560 thousand tonnes of electrolytic copper	586 thousand tonnes of electrolytic copper	~600 thousand tonnes of electrolytic copper (including production based on a higher amount of purchased materials and copper from recycling)
Profitability	8.5% ¹⁾	10.9% <i>(ROCE for last 3 years, i.e. for the period 2019 – 2022)</i>	10.2% ¹⁾
Level of support for the arts, sport and health	Approx. PLN 38.5 mn	PLN 51.6 mn	Approx. PLN 48 mn
LTIFR ²⁾	7.31	5.05	Aiming at 0 accidents
Revenues from sales on foreign markets of selected Group companies	Base 2020 Base year=100% Revenues from sale on foreign markets in the base year 2020	119% vs base year for the companies ZANAM, NITROERG, PeBeKa 124% vs base year for the company DMC <i>(calculated as: 2022 to 2020)</i>	147% vs base year for the companies ZANAM, NITROERG, PeBeKa 163% vs base year for the company DMC

¹⁾ Average ROCE from the last 3 years

²⁾ LTIFR (Lost Time Injury Frequency Rate) – indicator of the number of accidents at work (as defined in Poland) in KGHM Polska Miedź S.A., standardised to 1 million worked hours

KEY ELEMENTS OF THE STRATEGY ADVANCED IN 2022 (1/2)



FLEXIBILITY

- Continuation of the Strategic Program Hybrid Legnica Smelter and Refinery.
- Continuation of actions involving extension of the value chain of KGHM.
- Continuation of exploration projects in Poland and development of projects in the international assets.
- Continuation of R&D projects under the CuBR venture as well as the Implementation Doctorates Program.
- Letter of Intent signed (October 2022) on cooperation with the Polish Investment and Trade Agency, regarding development of the Polish economy.
- Financial stability in focus: the financing structure of the KGHM Group based on long-term instruments, shortening the cash conversion cycle and managing the KGHM Group's market and credit risk effectively.



EFFICIENCY

- Stable copper production from the domestic assets (mined production 442.7 kt; metallurgical production 586 kt).
- Stable payable copper production from the international assets (Sierra Gorda 90.8 kt (55%); Robinson 46.8 kt; Carlota 4.1 kt; Franke 2.8 kt*; Sudbury Basin 2.5 kt).
- Continuation of the Deposit Access Program (sinking of GG-1 shaft completed, selection of contractors to build the GG-2 shaft underway).
- Continued development of the Żelazny Most Tailings Storage Facility (95% of physical work on the Southern Quarter completed and 85% of physical work on building the Tailings Segregation and Compacting Station)
- The Głogów II Copper Smelter and Refinery was shut down for maintenance (the shutdown lasted 70 days).
- R&D initiatives continued to enhance the efficiency of KGHM's core production business.
- Continued advancement of projects subsidised under the Horizon Europe and KIC Raw Materials Programs.
- Advancement of actions involving the intellectual property of KGHM.

* On 26 April 2022 subsidiaries of KGHM INTERNATIONAL LTD. sold 100% of the shares of the company Sociedad Contractual Minera Franke (SCMF), being the owner of the Franke mine in Chile – from this date production by the Franke mine is excluded



KEY ELEMENTS OF THE STRATEGY ADVANCED IN 2022 (2/2)



ECOLOGY, safety and sustainable development

- Continuation of the Program to adapt the Company's production installations to BAT conclusions for the nonferrous metals industry and to restrict emissions of arsenic (BATAs).
Actions taken in line with the Environmental Policy to protect the natural environment.
- Continuation of the Occupational Health and Safety Program (LTIFR: 5.05; TRIR: 0.34).
- Adoption of the „Human Rights Policy in KGHM Polska Miedź S.A.”. Certification successfully prolonged under the Copper Mark for the Głogów and Legnica smelter/refineries.
- The Polish Chamber of Commerce “Eco-development” (“Ekorozwój”) awarded the "Green Laurels – 2022” (“Zielony Laur – 2022”) prize for an installation to remove arsenic and mercury from gases at the SOLINOX installation.



E-INDUSTRY

- Continuation of projects aimed at automatization of production in the Mining Divisions of KGHM (including the advancement of initiatives related to testing electric, battery-powered mining machinery).
- Continued digital transformation under the KGHM 4.0 Program.



ENERGY

- Long-term investments in the energy area: development of solar energy, wind power (including offshore); nuclear (SMR) and hydrogen technology to increase the share of electricity generation from own sources, under PPAs.
- Submission (in July 2022) of an application to the National Atomic Energy Agency, the first-such application in Poland, regarding the evaluation of SMR technology.
- 11.71% of KGHM's need for electrical power was supplied by its own internal sources.

SUSTAINABLE DEVELOPMENT – COMMITMENTS OF KGHM POLSKA MIEDŹ S.A.





THE COPPER MARK®

The Copper Mark® was created to promote responsible copper production. The prolongation of this certification enables KGHM's products to continue being registered (copper cathodes and lead products) on the London Metal Exchange.

The Copper Smelters and Refineries in Głogów and Legnica joined the Copper Mark® program in 2020. International experts reviewed the compliance of the business processes in these divisions of KGHM with 32 criteria required for the granting of the Copper Mark®. Amongst the areas assessed were actions involving environmental protection, the supply chains for metals, working conditions, risk management practices and cooperation with local communities.

This year a follow-up assessment was conducted to assess compliance with the Copper Mark® certificate.



- **Głogów Copper Smelter/Refinery** - certified 2021, follow-up assessment 2023
- **Legnica Copper Smelter/Refinery** - certified 2021, follow-up assessment 2023
- **Cedynia Wire Rod Plant** - preparations to become certified underway



The Copper Mark® arose to enable a better understanding of, and to deal with, the growing demands for independently verified, responsible production practices as well as to make a positive contribution to sustainable development. It is a voluntary program for companies in the copper industry which thereby have the opportunity to receive their own quality assurance certification. Companies which successfully pass the requirements may utilise the Copper Mark® in their corporate publications, in contracts and on their copper products.

The 32 topics covered by The Copper Mark® include:

- Forced Labor
- Gender Equality
- Occupational Health and Safety
- Freshwater Management and Conservation
- Waste Management
- Biodiversity and Protected Areas
- Community Development
- Human Rights
- Indigenous Peoples' Rights
- Cultural Heritage

The full Summary Reports are available at The Copper Mark® website:
<https://coppermark.org/participants-home/participants/>

KGHM'S EFFORTS TOWARDS ENERGY TRANSFORMATION (1/2)



KGHM Polska Miedź S.A. aims at permanently increasing the share of renewable energy sources and in-house generation to meet its energy needs

COMPETITIVE ADVANTAGES



Climate policy

Access to copper and precious metals is a critical component if the plan to achieve climate neutrality by 2050 by the largest western economies is to succeed.



Development of RES and EV markets

Technologies used by the renewable Energy market and by the electric vehicles sector are far more metals-intensive than the traditional power and transportation sectors.



Cost-efficient resources

Easily-accessible resources of metals, located in safe jurisdictions, are rapidly being exhausted; KGHM is the sole copper producer from its own mined resources on a large scale within the European Union.

KGHM'S EFFORTS TOWARDS ENERGY TRANSFORMATION (2/2)



ACTIONS UNDERTAKEN

1

KGHM has its **own low-emissions, natural gas-powered** energy generation sources.

2

The Company is currently advancing further **investments to increase electrical power generation** using nitrogen-enriched natural gas.

3

KGHM plans to build a **small modular light water nuclear unit** with a capacity of up to 500 MW by 2030. In 2021, KGHM Polska Miedź S.A. established a Nuclear Energy Department and in February 2022 a contract was signed with NuScale Power, LLC ("NuScale") to commence work on implementing the SMR technology in Poland.

4

Currently, **photovoltaic power plant projects** are being carried out in the areas owned by KGHM, i.e. at the Głogów Copper Smelter and Refinery and at the Cedynia Copper Wire Rod plant, next to the Tailings Plant and in the Obora Sandpit area. Other projects are also being prepared on KGHM's own land.

5

The Company is also active on the M&A market for **renewable energy sources** and is engaged in several due diligence and valuation processes for assets that are available for purchase.

6

KGHM has also taken steps leading to **the construction of offshore wind farms**.

CLIMATE NEUTRALITY BY 2050 (1/2)



- KGHM aims at achieving climate neutrality by 2050 and at reducing total Scope 1 and 2 emissions by 2030 by 30% ¹⁾
- Information on the volume of **Scope 1 and Scope 2** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced **by the end of 2023.**
- Information on the volume of **Scope 3** greenhouse gas emissions for 2022 by KGHM Polska Miedź S.A. and by the entire KGHM Group will be announced in the 4th quarter of 2023.
- Due to the published update of the Climate Policy, the date for announcing the climate goals of the KGHM Group was postponed from mid-2023 to the end of 2024 ³⁾



¹⁾ Main goal in respect of Scope 1 and Scope 2 GHG emissions, assuming their maximum possible reduction. Reduction goals in reference to 2020 emissions.

³⁾ Due to the highly volatile situation on the energy markets, the unforeseeable global economic situation and the overall impact of Russia's aggression on Ukraine on the international situation, it is necessary to change the date of preparation of the entire Decarbonization Program of the KGHM Group and subsequently the climate targets for the KGHM Group. The aforementioned factors make it significantly more difficult to model CAPEX and OPEX, and as a result also NPV for the decarbonization initiatives of the Group.

CLIMATE NEUTRALITY BY 2050 (2/2)



MAIN GOALS OF DECARBONISATION:

- **Reduce indirect emissions (Scope 2):**
 - Develop internal zero-emission and low-emission sources
 - Improve energy efficiency in the production divisions and enhance the efficiency of technological processes
 - Purchase RES energy under PPA contracts
- **Gradually reduce direct emissions (Scope 1):**
 - Admixture of hydrogen in technological processes
 - Initial implementation of electromobility projects

MAIN GOALS OF DECARBONISATION:

- **Total reduction of indirect emissions (Scope 2):**
 - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- **Maximum reduction of direct emissions (Scope 1):**
 - Hydrogen technology
 - Electromobility
 - Implementation of advanced production technology
 - Utilisation of CCU and CCS technology²⁾
- **Potential offset of other emissions**

Details regarding capital expenditures on actions to restrict greenhouse gas emissions will be included and announced as part of the Decarbonisation Program of the KGHM Group

SEIZING OPPORTUNITIES ARISING FROM THE ENERGY TRANSFORMATION



The Climate Policy is a significant step towards seizing opportunities, and as a result ensuring that long-term value is enhanced.



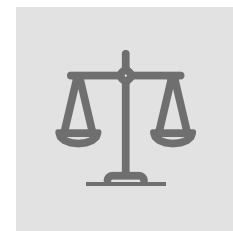
Support of the transformation to a low-carbon economy

Diversification and efforts towards **sustainable development** through building own power capacity from low-emission sources (construction and acquisition of PV and wind power plants, and in the long term the use of SMRs), is one of the main Pillars of the adopted Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040, and one of its elements is for KGHM Polska Miedź S.A. to achieve the position of one of the **leading producers of environmentally-friendly electricity** supporting Poland's energy transition.



Strategic investments compliant with ESG

In the course of operationalization of the **Business Strategy** and taking into account **ESG** elements and climate-related factors, **each of the strategic initiatives was further assessed**. Impacts were examined in the negative, neutral or positive category: on Scope 1 and 2 greenhouse gas (GHG) emissions, on ESG image divided into three categories: environment, society and corporate governance and impact on mitigating risks and supporting climate opportunities according to the TCFD (Task Force on Climate-Related Financial Disclosures).



Reducing emissions - a competitive advantage

KGHM monitors and calculates **Scope 1, 2 and 3 emissions**. Data on Scope 1 and Scope 2 emissions for the entire KGHM Group in 2022 will be published **in the second quarter of 2023**. Information on Scope 3 greenhouse gas emissions for 2022 for the entire KGHM Group will be published **in the fourth quarter of 2023**.



Stakeholder expectations

KGHM, in order to satisfy rising stakeholder expectations as to protection of the climate, is strengthening the **transparency of the message** and the regularly-published **non-financial disclosures** – both in terms of KGHM's impact on the climate as well as the Company's adaptation to climate change. KGHM engages in continuous cooperation and dialogue with local communities and governments.

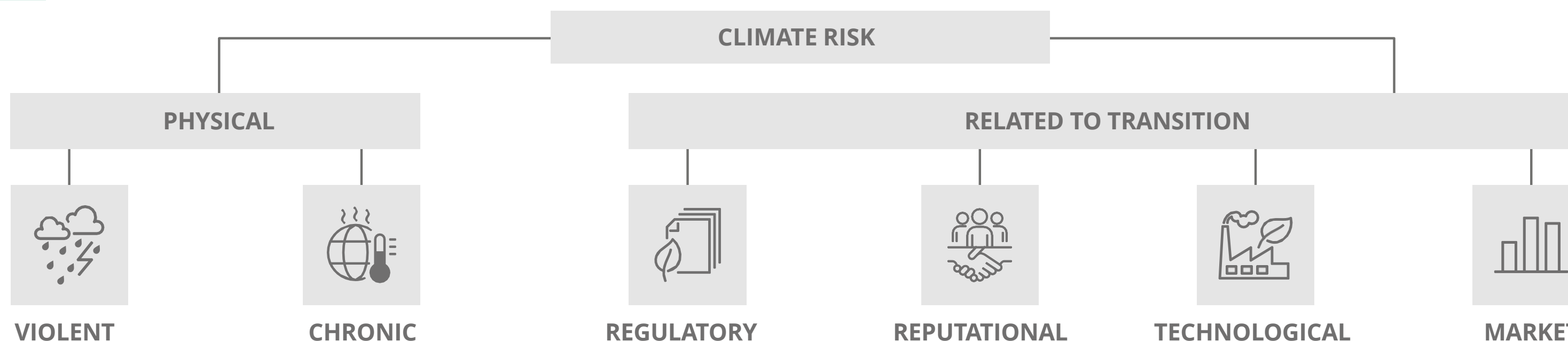
ACTIONS TAKEN UNDER THE CLIMATE POLICY OF KGHM POLSKA MIEDŹ S.A.



KGHM Polska Miedź S.A., as an organisation aware of the impact of climate change on business activity, has fully integrated the Climate Risk Management process with the Corporate Risk Management Process of the KGHM Polska Miedź S.A. Group.



CLIMATE RISK MANAGEMENT



Being an ambitious participant in the **green transformation**, KGHM Polska Miedź S.A. undertakes obligations not only with respect to further development of the core business, but also to carry out a number of changes in the functioning of the Company aimed **at demonstrating awareness of climate change** and deepening communication in this respect with all stakeholders.

Preventing and minimizing the environmental and climate impact and rational management of natural resources is of fundamental importance for KGHM Polska Miedź S.A. with respect to sustainable development, the satisfaction of stakeholder expectations and accountability to future generations.

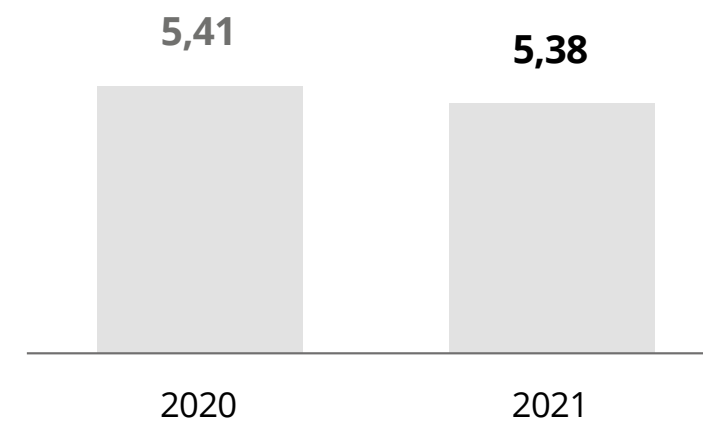
GREENHOUSE GAS EMISSIONS (SCOPE 1 AND SCOPE 2) BY KGHM POLSKA MIEDŹ S.A.



Greenhouse gas emissions by KGHM Polska Miedź S.A. [tonnes of eCO2]

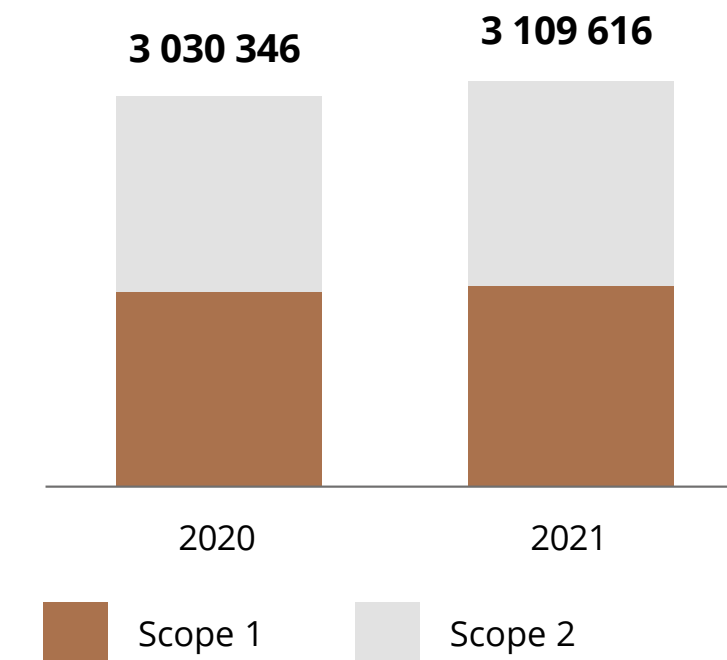
	2020	2021	Y/Y	Y/Y %
Scope 1	1 413 129	1 457 899	+44 770	+3,17%
Scope 2	1 617 217	1 651 717	+34 500	+2,17%
Total emissions (Scope 1 + 2)	3 030 346	3 109 616	+79 270	+2.62%

Greenhouse gas emissions indicator in KGHM Polska Miedź S.A. [tonnes of eCO2/t of electrolytic copper]



Comparing emissions for 2021 to the base year, we can see a slight increase in scope 1 and emissions 2. Total Scope 1 and 2 emissions increased by 2.62%. The slight increase in Scope 1 and 2 emissions was due to higher electrolytic copper production. Comparing the greenhouse gas emissions indicator we can however see a slight decrease in emissions intensity despite the increase in electrolytic copper production.

Scope 1 and 2 greenhouse gas emissions by KGHM Polska Miedź S.A. in the years 2020-2021 [t CO2e]



In 2021 Scope 1 and 2 greenhouse gas emissions by KGHM Polska Miedź S.A. amounted in total to around 3 million tonnes of eCO2 (equivalent tonnes of carbon dioxide) of which around 47% were Scope 1 emissions and 53% were Scope 2 emissions.

Due to the full implementation of the GHG protocol, emissions for 2020 were re-calculated, which year is at the same time the base year for the reduction goals defined in the Climate Policy.



GREENHOUSE GAS EMISSIONS (SCOPE 1 AND SCOPE 2) BY THE KGHM POLSKA MIEDŹ S.A. GROUP

Greenhouse gas emissions by the KGHM Polska Miedź S.A. Group in 2021 [tonnes of eCO₂]

	KGHM Polska Miedź S.A.	Companies in Poland	Companies ex-Poland	Group
TOTAL EMISSIONS (Scope 1 + 2)	3 109 616	862 797	1 249 542	5 221 955
SCOPE 1 - Direct emissions	1 457 899	623 757	504 932	2 586 588
SCOPE 2 - Indirect emissions	1 651 717	239 040	744 610	2 635 367
Incl. indirect emissions related equivalently to consuming heat:	0	4 917	0	4 917
Incl. indirect emissions related equivalently to consuming electricity:	1 651 717	234 123	744 610	2 630 450
Indirect emissions of eCO₂ from biomass:	2 984	31 064	0	34 047

In 2021, Scope 1 and 2 greenhouse gas emissions by the KGHM Polska Miedź S.A. amounted in total to 5.22 million tonnes of eCO₂, of which around 60% is attributable to the Parent Entity. Calculations of emissions by the KGHM Polska Miedź S.A. Group were made for the first time, which is why the year 2021 was set as the base year for monitoring changes in emissions in the Group.

SCOPE 3 GREENHOUSE GAS EMISSIONS BY KGHM POLSKA MIEDŹ S.A. (1/2)



In 2021 Scope 3 emissions were calculated for KGHM Polska Miedź S.A. and for the entire KGHM Group.

The balance of Scope 3 emissions included the following emissions categories:

- upstream activities: goods and services purchased, investment goods, activities related to the use of fuels and energy not included in Scopes 1 or 2 of the balance, transport and distribution of input streams, business trips, employees' commuting to and from work,
- downstream activities: transport of output streams.

Emissions for the category of waste generated in production processes, related to their transport and treatment, were included as emissions related to purchased services, including waste collection and transport.

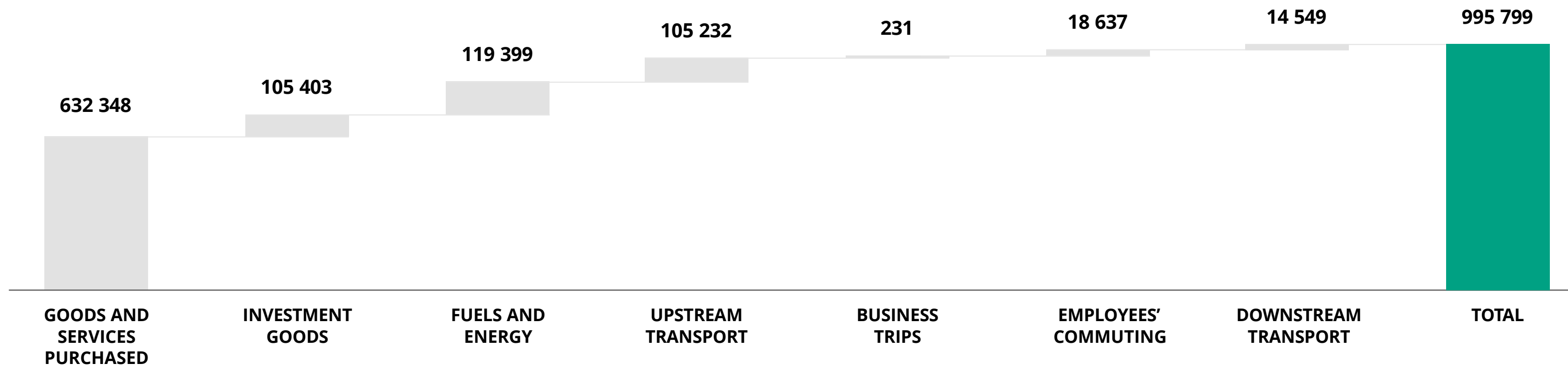
Emissions associated with both the lease of assets from external companies and the lease of assets to external companies, due to their limited extent, are insignificant in the balance of greenhouse gases under analysis. The franchise category for output streams does not apply to companies of the KGHM Polska Miedź S.A. Group.



SCOPE 3 GREENHOUSE GAS EMISSIONS BY KGHM POLSKA MIEDŹ S.A. (2/2)



Scope 3 greenhouse gas emissions by KGHM Polska Miedź S.A. in 2021 [tonnes of eCO₂]



SCOPE 3 GREENHOUSE GAS EMISSIONS BY KGHM POLSKA MIEDŹ S.A. GROUP



Scope 3 greenhouse gas emissions by the KGHM Polska Miedź S.A. Group in 2021 [tonnes of eCO₂]

	KGHM Polska Miedź S.A.	Companies in Poland	Companies ex-Poland	Group
SCOPE 3 - total	995 799	359 319	692 121	2 047 238
Goods and services purchased	632 348	149 269	399 586	1 181 203
Investment goods	105 403	76 986	78 105	260 494
Fuels and energy not included in Scopes 1 and 2	119 399	84 735	113 997	318 131
Transport and distribution - upstream	105 232	25 120	12 230	142 582
Business trips	231	143	-	374
Employees' commuting	18 637	15 508	14 053	48 198
Transport of output streams - downstream	14 549	7 558	74 149	96 256

SELECTED ESG POLICIES AND PROCEDURES IN KGHM POLSKA MIEDŹ S.A.



Environment

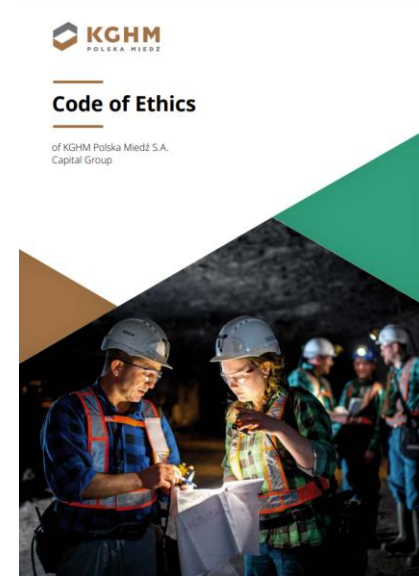
- Environmental Policy
- Climate Policy

Society

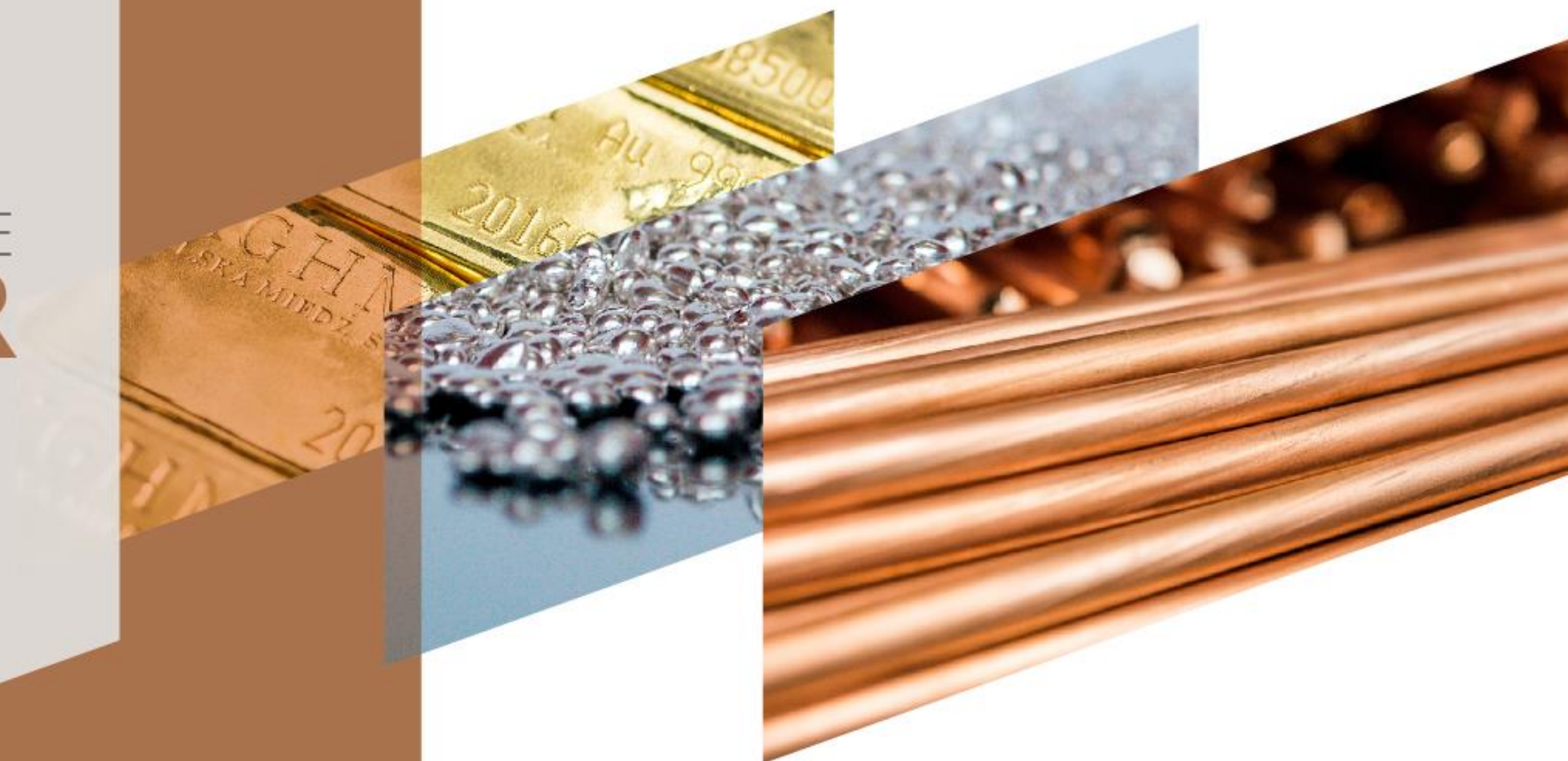
- Code of Ethics
- Code of Conduct
- Organisational Health and Safety Policy in KGHM Polska Miedź S.A.
- Responsible Supply Chains Policy
- Declaration of Diversity
- Human Rights Policy

Governance

- Management Systems – ISO
- Energy Policy
- Remuneration Policy
- Procurement Policy
- Procedure on counteracting money laundering and prevention of fraud and extortion in trading transactions regarding the sale of products and the procurement of ore and copper-bearing materials
- Anti-corruption Policy
- Privacy Policy and Personal Data Processing Policy



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THANK YOU!