

Layers of possibilities



KGHM

**KGHM CSR Strategy
for the years 2015–2020**

About the CSR strategy

The following slides present the Corporate Social Responsibility Strategy of KGHM for the years 2015–2020

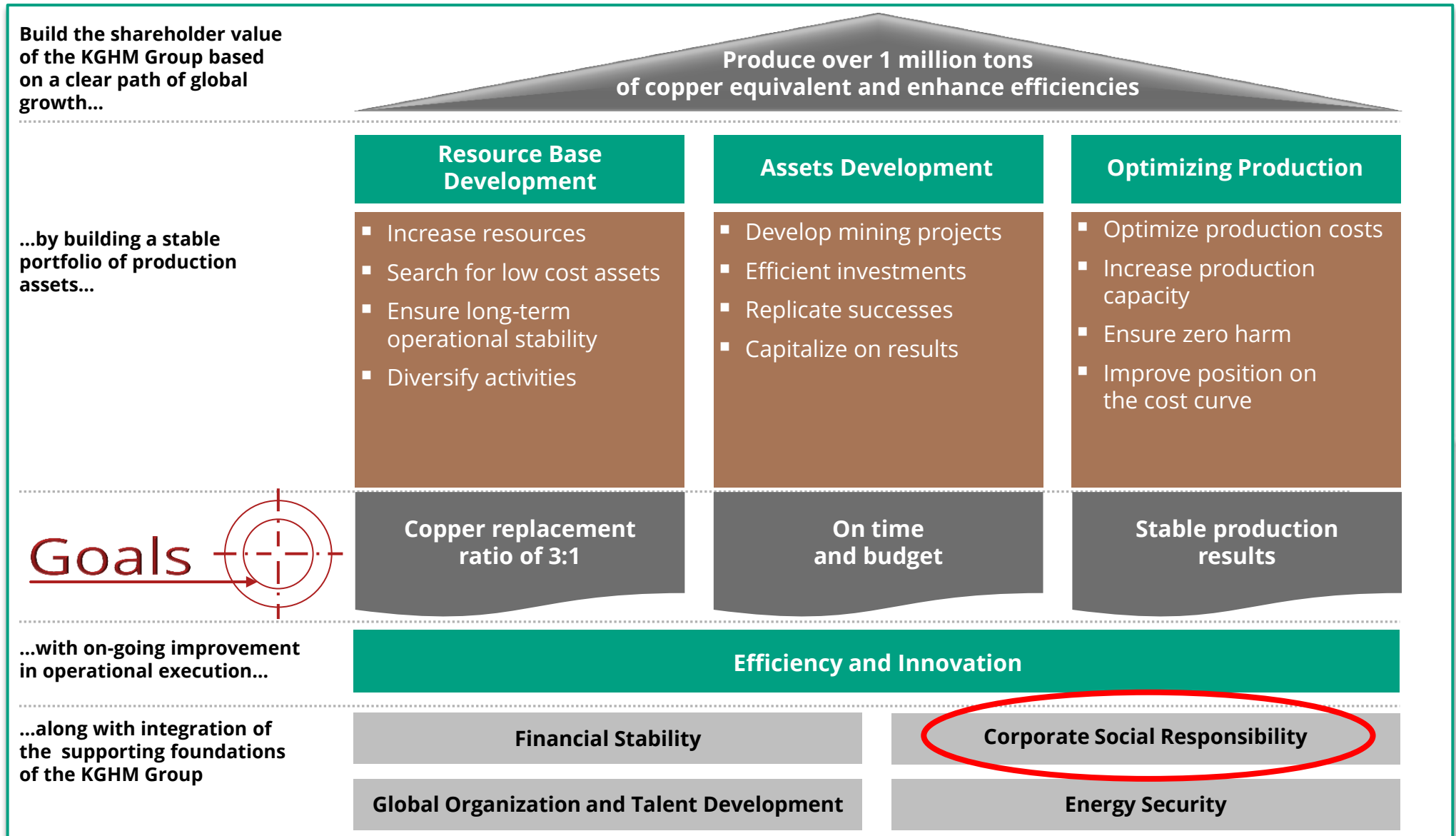
Respective goals of the CSR strategy have been defined in such a way so that they support the realization of the business strategy of KGHM. Measures of realization linked to GRI (G4) indicators have been assigned to the objectives and actions. Departments responsible for realization of respective goals have been pointed out.

This document will be further supplemented with a detailed implementation schedule, strategy implementation management scheme, and monitoring and assessment rules within KGHM S.A. + KGHM I.

The strategy is based on:

- The results of the analysis of the social responsibility activity of KGHM
- ISO 26000 guidance on social responsibility, guidelines of the International Council on Mining and Metals
- The strategy drawn up on the basis of The Ten Principles of the UN Global Compact
- Sustainable development reporting guidelines of the Global Reporting Initiative (G4)
- Consultations with the management, local communities, employees and key stakeholders
- Best market practices (benchmarking against top global mining companies)
- KGHM Corporate Values

KGHM CSR Strategy is an integral part of the company's Global Business Strategy



CSR Strategy is based on corporate values

Courage

We face new challenges in a well thought-out manner

Accountability

We are jointly responsible for the actions taken for the benefit of our stakeholders

Teamwork

For us, cooperation is the basis of success

Results-driven

We achieve results while being focused on the long-term success of KGHM

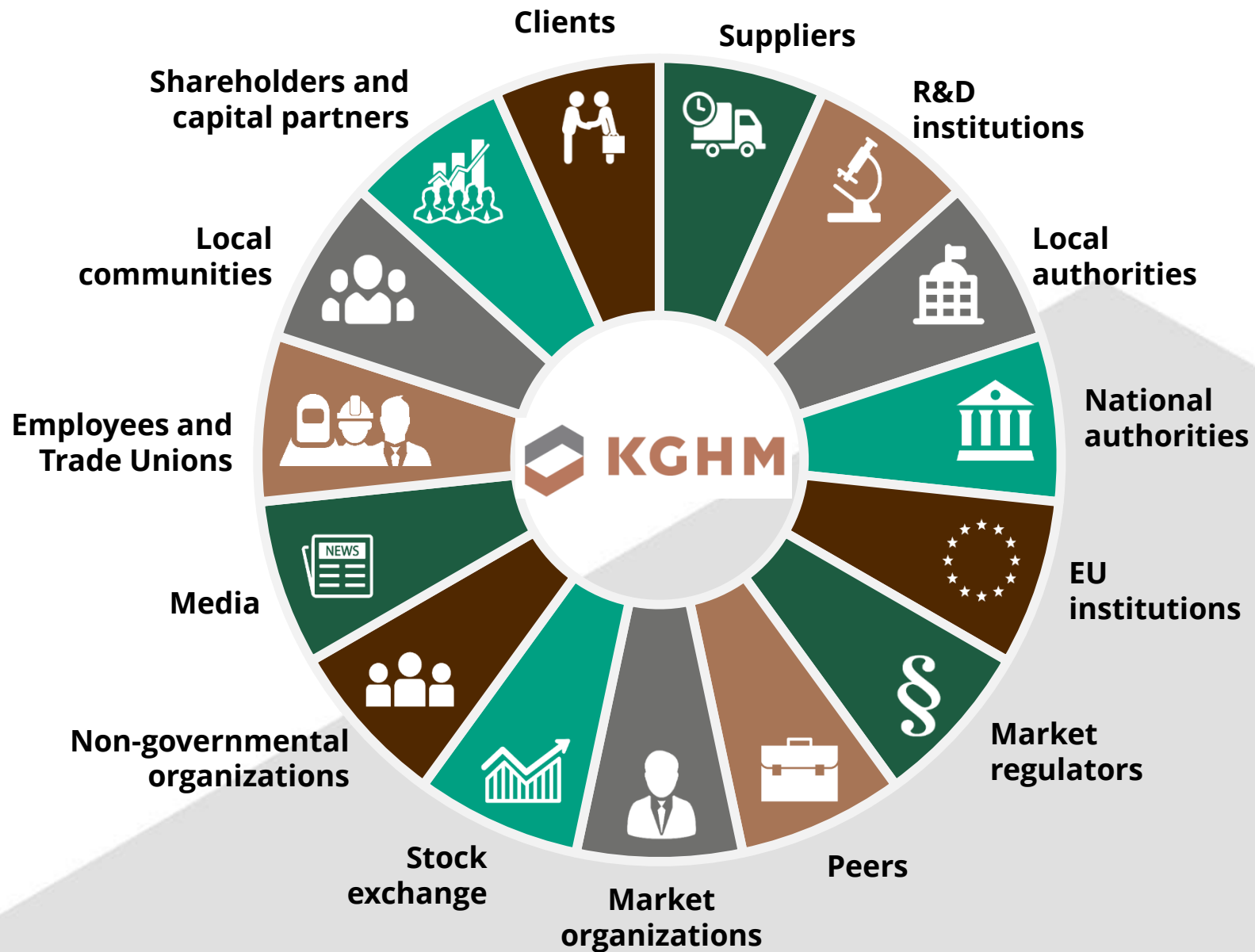
Zero harm

We are all jointly responsible for our safety

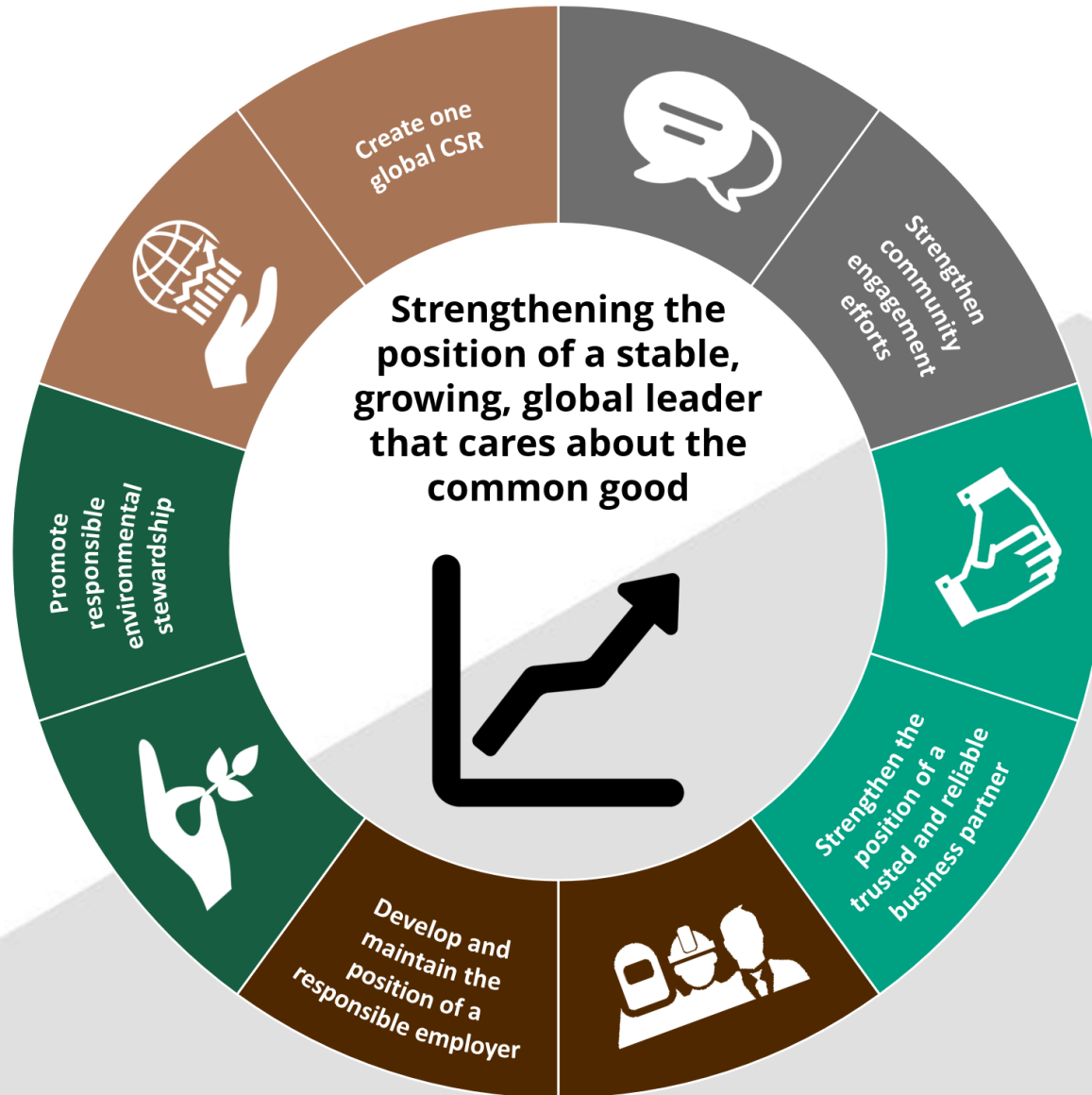


The CSR Strategy is based on KGHM's Code of Ethics. Our values are an integral element of the Code of Ethics.

Stakeholders



KGHM CSR Strategy for the years 2015–2020



CSR Strategy for the years 2015–2020. Strategic initiatives

MAIN OBJECTIVE:
Strengthen the position of a stable, growing, global leader that cares about the common good



Create one global CSR

Initiatives

- Standardize Global approach to CSR
- Develop a formal reporting process with review framework and set organizational boundaries for reportable indicators
- Establish a global KGHM CSR team working on the basis of common strategic objectives



Strengthen community engagement efforts

Initiatives

- Standardize the approach to dialogue with local communities
- Support in contacts with stakeholders on the implementation of strategic projects
- Develop formal systems for understanding, tracking and responding to stakeholder concerns
- Develop KGHM global volunteer program



Strengthen the position of a trusted and reliable business partner

Initiatives

- Strengthen the relations with business partners
- Design a system of verification if corporate actions are in line with codes of conduct of suppliers and customers and with KGHM Code of Ethics
- Communicate expectations for suppliers of KGHM to align their actions to our corporate values and rules of conduct
- Implementation of approved "Know your customer" policy
- Train key sales personnel on Antitrust Policy
- Meet voluntary commitments made to trade organizations



Develop and maintain the position of a responsible employer

Initiatives

- Strengthen the position of a responsible employer, internally and externally, and build the position of a leader in occupational safety
- Obtain employee feedback on material issues and job satisfaction



Promote responsible environmental stewardship

Initiatives

- Transparently communicate with stakeholders about environmental topics and promotion of KGHM as a company that cares
- Develop energy management systems to reduce consumption and associated greenhouse gas emissions
- Continuously improve performance in the energy consumption and greenhouse gas emissions management, mine closure planning, and tailings management

Main objectives

Create one global CSR

AIMS:

- Development of a global CSR Policy based on management standards
- Strengthen the position of KGHM as a sustainable development leader in the industry in global terms (strategy, reporting, participation in CSR initiatives)
- Setting standards with regard to sustainable development
- Standardization and consolidation of reporting tools in key companies belonging to KGHM Group
- Building global education, with regard to sustainable development



Main objectives

Strengthen community engagement efforts

AIMS:

- Develop the principles of dialogue with local communities – “licence to operate”, based on „Industry Best Practice”. Strategic approach to support the development of social initiatives
- Develop social engagement programs, to better understand stakeholders’ expectations through strategic dialogue open to stakeholders
- Develop a global leadership taking due care of the common good through transparent donations and sponsorship activities that promote shared value
- Support for the main investment processes at all stages of the project. Mitigate the risk of failure due to objections of local communities



Main objectives

Strengthen the position of a trusted and reliable business partner

AIMS:

- Become the “investor of choice” due to observance of sustainable development rules, respect for human rights and taking the expectations of local communities into account
- Build a reputation of an international leader by participating in national and international industrial initiatives



Main objectives

Develop and maintain the position of a responsible employer

AIMS:

- Carry out business taking into account high standards of employee dialogue
- Build a reputation of being a responsible employer
- Become a leader in the industry with regard to occupational health and safety, as well employment and remuneration stability
- Promote transparency based on corporate governance and ethics, in particular the respect for human rights



Main objectives

Promote responsible environmental stewardship

AIMS:

- Raise awareness of the role and activities of KGHM with regard to environmental protection through promotion of environmental protection initiatives and CSR programs (ECO-Health and Health Promotion Program)
- Develop programs and initiatives to improve environmental performance (greenhouse gas emission reductions, energy efficiency, tailings management and mine closure planning)



CSR tools – sponsorship and foundations

- KGHM is an active supporter and community partner in the areas of sports, arts, culture and education
- KGHM has co-organized or held patronage over significant events at the local, national and international level
- **Fundacja KGHM Polska Miedź** (KGHM Polska Miedź Foundation) – has implemented the following programs:
 - Copper School of Mathematics
 - Your Five Minutes
 - Football for Everyone
 - Saving Monuments Together
- **Revimine Foundation** – established in 2014 by KGHM to carry out the revitalization of post-mining facilities and keep the mining heritage

FUNDACJA
KGHM
POLSKA MIEDŹ

 **REVIMINE**
FUNDACJA INNOWACJE I DZIEDZICTWO KULTUROWE

CSR programs

- **The Copper Heart** is a global voluntary employee work program under which our staff engage in projects benefiting local communities, supporting people in need or working for the environment
- **Innovation zone** is a tool to support the process of developing leaders who should be able to face the challenges of efficient business management at the international level. The program aims at building an innovative culture within the company
- **ECO-Health** is a program promoting pro-health and ecological activities





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