

**Report on the Activities of the Supervisory Board
of KGHM Polska Miedź S.A.
for 2023**

*/Adopted by Resolution No. 89/XI/24 of the Supervisory Board of KGHM Polska Miedź S.A.
dated 8 May 2024/*

Lubin, May 2024



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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 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 2023 (hereafter: „Report”) and requests its approval.

KGHM Polska Miedź S.A. (also hereafter: „KGHM” or „the Company”) during the period from 1 January 2023 to 31 December 2023 complied with the principles of corporate governance set forth in Best Practice 2021, adopted by the Supervisory Board of the Warsaw Stock Exchange 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: [GPW Main Market - Best practice 2021](#), as well as on the corporate website of KGHM Polska Miedź S.A. in the corporate governance section: [Corporate governance | KGHM Corporate Website](#).

KGHM continually engages in actions to enable compliance with current trends in corporate governance and market expectations, including those expressed in DPSN 2021. KGHM 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 2023, on the functions served by its members and also changes in the composition of the Supervisory Board.

The Supervisory Board is the permanent supervisory body of 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 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 and adopted resolutions outside of meetings in voting by means of direct communication at a distance as well as by delegating its members to work in the Committees of the Supervisory Board.

During the period from 1 January 2023 to 31 December 2023 there were no changes in the composition of the Supervisory Board of KGHM Polska Miedź S.A. The composition of the Supervisory Board from 1 January 2023 to 31 December 2023 was as follows:

- 1) Agnieszka Winnik - Kalemba Chairperson of the Supervisory Board
- 2) Katarzyna Krupa Deputy Chairperson of the Supervisory Board
- 3) Wojciech Zarzycki Secretary
- 4) Andrzej Kisielewicz
- 5) Marek Wojtków
- 6) Radosław Zimroz
- 7) Piotr Ziubroniewicz

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

- 8) Józef Czyczerski
- 9) Przemysław Darowski
- 10) Bogusław Szarek

On 13 February 2024 the Extraordinary General Meeting of KGHM Polska Miedź S.A.:

- 1) dismissed the following persons from the composition of the Supervisory Board of the Company: Andrzej Kisielewicz, Katarzyna Krupa, Agnieszka Winnik-Kalemba, Marek Wojtków, Wojciech Zarzycki, Radosław Zimroz and Piotr Ziubroniewicz, and
- 2) appointed the following persons to the composition of the Supervisory Board of KGHM Polska Miedź S.A.: Zbigniew Bryja, Aleksander Cieśliński, Zbysław Dobrowolski, Dominik Januszewski, Tadeusz Kocowski, Marian Noga and Piotr Prugar.

In addition, on 6 March 2024, Zbigniew Bryja resigned from membership in the Company's Supervisory Board.

Following the above changes, the composition of the Supervisory Board is as follows:

- 1) Tadeusz Kocowski Chairperson of the Supervisory Board
- 2) Marian Noga Deputy Chairperson of the Supervisory Board
- 3) Aleksander Cieśliński
- 4) Zbysław Dobrowolski
- 5) Dominik Januszewski
- 6) Piotr Prugar

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

- 7) Józef Czyczerski
- 8) Przemysław Darowski
- 9) Bogusław Szarek Secretary

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, 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, and the frequency and significance of subjects which were dealt with by the Supervisory Board in financial year 2023

The Supervisory Board carries out its duties based on the specific powers 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 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 6 protocolled meetings at the Head Office of the Company and prepared 38 protocols on voting utilising means of direct communication at a distance, and adopted 175 resolutions. In the case of an absence of a Supervisory Board member at a given meeting, the Supervisory Board, after reviewing the reason for the absence, adopted a resolution regarding its justification. In 2023, there were no unjustified absences of members of the Supervisory Board at meetings.

The activities of the Supervisory Board in financial year 2023 were documented in the protocols (minutes of the meetings) and in resolutions representing appendices to the protocols. In 2023, meetings of the Supervisory Board, apart from the members of the Supervisory Board of KGHM, were also attended by members of the Management Board and by employees of the organisational units of the Head Office and of the Company's Divisions, as well as by the certified auditor.

The Supervisory Board maintains ongoing supervision 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 Best Practice 2021. In 2023, 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 matters of importance in the Company.

The representatives of the Supervisory Board participated in the Ordinary General Meeting of the Company on 21 June 2023. The Supervisory Board supervised the work of the Management Board of the Company 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 authority, which the Supervisory Board dealt with in 2023

In this regard the Supervisory Board:

- 1) performed monthly evaluations as to the fulfilling by transactions, as described in art. 90h para. 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 para. 1 point 1 of this Act,
- 2) evaluated the financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022,
- 3) adopted the report on the results of the 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,
- 4) reviewed the „Evaluation of the effectiveness of the internal control, risk management and compliance systems and of the internal audit function” prepared by the Management Board of the Company and presented to the Supervisory Board of KGHM Polska Miedź S.A.,
- 5) adopted and presented to the General Meeting an Assessment of the Company's standing with an evaluation of the adequacy and effectiveness of the internal control, risk management and compliance systems applied in the Company, in terms of standards or applicable practices, and of the internal audit function,
- 6) reviewed the proposal of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2022 and expressed its 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 2022,
- 7) submitted to the Ordinary General Meeting a report on the results of its evaluation of the 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, 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 a report on the results of its evaluation of the proposal of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2022,
- 8) adopted and submitted to the General Meeting a Report on the remuneration of the Management Board and the Supervisory Board of KGHM Polska Miedź S.A. for 2022,
- 9) provided an opinion regarding 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 2022,
- 10) reviewed the declarations of independence of members of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A.,
- 11) adopted the „Report of the Supervisory Board of KGHM Polska Miedź S.A. for 2022” and submitted a proposal to the General Meeting of the Company regarding its approval.

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

In this regard the Supervisory Board:

- 1) analysed the current economic and financial situation of the Company and the KGHM Polska Miedź S.A. Group,
- 2) discussed and reviewed information from the Management Board regarding the current situation, among others as regards: production and investment activities, research and development, and market and corporate risk,
- 3) discussed reports on the Group's actions in terms of its international assets,
- 4) determined the manner of voting by a representative of KGHM Polska Miedź S.A. at General Meetings in companies of the Group,
- 5) reviewed reports on the state of advancement of the Strategy of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group,
- 6) reviewed reports on advisory, legal and marketing services in the Company and the KGHM Polska Miedź S.A. Group,
- 7) expressed its consent for the acquisition of fixed assets in an amount exceeding PLN 50 000 000 under investments being advanced by the Company, such as: „Development work in the Mining Divisions, development of the Źelazny Most TSF”,
- 8) expressed its consent to enter into sponsoring agreements for 2023 with sport clubs, cultural and academic institutions,
- 9) expressed its consent to enter into loan agreements,
- 10) expressed its consent to free Mercus Logistyka Sp. z o.o. from debt,
- 11) expressed its consent to enter into subsidy agreements with the KGHM Polska Miedź Foundation and with municipalities,
- 12) expressed its consent to acquire 100% of the shares in special purpose companies owning solar farm projects,
- 13) expressed its consent to acquire non-current assets in an amount exceeding PLN 50 000 000, expressed its consent to acquire components of non-current assets as understood by the act dated 29 September 1994 on accounting,
- 14) made changes to the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A.,
- 15) adopted resolutions regarding determining the manner of voting by a representative of KGHM Polska Miedź S.A. at General Meetings in companies of the KGHM Polska Miedź S.A. Group,
- 16) expressed its consent to acquire in a non-bidding manner shares of companies of the Group,
- 17) expressed its consent to acquire and dispose of property of KGHM Polska Miedź S.A.,
- 18) expressed its consent to review the Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040 for purposes of its updating,
- 19) approved the „Budget of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2024.”

4.3 Information on tasks in terms of the scope of competence of Members of the Management Board of the Company

In this regard the Supervisory Board:

- 1) monitored in quarterly increments the manner of execution by the Members of the Management Board of management services contracts,
- 2) adopted minutes of the meetings from the qualification proceedings for Members of the 11th-term Management Board of KGHM Polska Miedź S.A. conducted on 20 and 21 December 2022,

- and informed the shareholders of KGHM Polska Miedź S.A. of the results of the qualification proceedings by publishing the minutes on the Company's website,
- 3) expressed its consent for a Member of the Management Board of KGHM Polska Miedź S.A. to serve in the body of an entity other than KGHM Polska Miedź S.A. and to provide services in such entity,
 - 4) set the scope of duties of the appointed Members of the 11th-term Management Board: President of the Management Board of KGHM Polska Miedź S.A., Vice President of the Management Board (Finance) of KGHM Polska Miedź S.A., Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A.,
 - 5) assigned Management Goals to the Members of the 11th-term Management Board of KGHM Polska Miedź S.A. for financial year 2023,
 - 6) 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 2022,
 - 7) approved the performance of the management goals and set the level of variable remuneration for the Members of the 11th-term Management Board of KGHM Polska Miedź S.A. for 2022,
 - 8) approved the „Bylaws of the Management Board of KGHM Polska Miedź S.A.”
 - 9) adopted resolutions consenting to the granting of miners degrees to Members of the Management Board.

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

In this regard the Supervisory Board:

- 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 2022 and, as part of this review, its audit of the financial statements for the first half of 2023,
- 2) expressed its consent to additional remuneration for the auditor,
- 3) reviewed the conclusions from the audit of the financial statements of the Company and KGHM Polska Miedź S.A. Group for the year ended 31 December 2022,
- 4) prolonged the agreement with the current auditor to audit and review the financial statements of KGHM Polska Miedź S.A. for the years 2025 – 2028.

The Supervisory Board, in respect of the audited period, did not voice concerns regarding its cooperation with the Management Board of the Company.

5. Activities of the Committees of the Supervisory Board

In advancing the recommendations and principles set forth in 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 and in the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A.

5.1 Audit Committee of the Supervisory Board

I. Composition of the Audit Committee in 2023

During the period from 1 January 2023 to 31 December 2023 there were no changes in the composition of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. The composition of the Audit Committee of the Supervisory Board from 1 January 2023 to 31 December 2023 was as follows:

- 1) Wojciech Zarzycki Chairperson
- 2) Agnieszka Winnik-Kalemba
- 3) Andrzej Kisielewicz
- 4) Katarzyna Krupa
- 5) Marek Wojtków
- 6) Bogusław Szarek
- 7) Przemysław Darowski

II. Functioning of the Audit Committee

Pursuant to § 7 paragraph 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 paragraph 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.

During the period from 1 January 2023 to 31 December 2023 most of the members of the Audit Committee, including its Chairperson, met the independence criteria specified in art. 129 paragraph 3 of the Act dated 11 May 2017 on certified auditors, auditing firms and public oversight. The following members of the Audit Committee were independent members: Agnieszka Winnik-Kalemba, Andrzej Kisielewicz, Marek Wojtków and Wojciech Zarzycki.

The Supervisory Board reviewed the submitted declarations on meeting independence criteria and adopted appropriate resolutions regarding verification of the declarations of the members of the Audit Committee, stating ultimately that 6 of the 10 members of the Supervisory Board (60%) meet the independence criteria.

The qualifications of the Members of the Audit Committee in the area 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 skills held by the Members of the Audit Committee. 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.

During the period from 1 January to 31 December 2023, Wojciech Zarzycki was selected as a Member of 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 Association of Chartered Certified Accountants (ACCA), and since 2002 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.

In accordance with art. 129 paragraph 3 of the Act dated 11 May 2017 on certified auditors, auditing firms and public oversight, 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 tasks and duties of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. are outlined in § 7 para. 3 of the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A.

III. 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 Audit Oversight Commission 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 in what manner 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 para. 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) presenting the Supervisory Board with recommendations as to the selection of the independent auditor for the purpose of reviewing the internal audit function.

IV. Activities of the Audit Committee in 2023

Information on the major issues dealt with by the Audit Committee of the Supervisory Board during their meetings in 2023

In 2023 the Audit Committee held a total of 10 protocolled meetings and adopted 30 resolutions. In the case of the absence of a member of the Audit Committee at a specific meeting, the Audit Committee, after reviewing the reason for the absence, adopted a resolution regarding its justification. In 2023, there were no unjustified absences of members of the Audit Committee at their meetings.

In 2023, meetings of the Audit Committee, apart from the members of the Committee, were also attended by members of the Supervisory Board, members of the Management Board, the heads of organisational units of the Company and by the certified auditor.

Based on the minutes of the meetings and the resolutions adopted by the the Audit Committee in 2023, it was determined that the Audit Committee carried out tasks, among others as regards the following:

- 1) the periodic reports on market and corporate risk management in the KGHM Polska Miedź S.A. Group, including in particular as regards questions of key risks,
- 2) review of the declarations on meeting independence criteria of the members of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. in 2023,
- 3) adoption of the „Report on the activities of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2022”,



- 4) adoption of the „Report on the execution of the internal Audit Plan for 2022 together with an assessment of the effectiveness of the system of internal control, risk management and compliance of the KGHM Polska Miedź S.A. Group”,
- 5) adoption by the Supervisory Board of the „Policy of selecting an auditing firm to audit the financial statements”,
- 6) updating of the Procedure for selecting an auditing firm to audit the financial statements,
- 7) approval of the Report on the Review of the System for Management of Anticorruption Activities in the KGHM Polska Miedź S.A. Group (SMAA) for 2022, pursuant to the requirements of the PN-ISO 37001:2017 standard and the second issuance of the SMAA Policy,
- 8) adoption of the „Report on the execution of the internal Audit Plan for the first half of 2023 of the KGHM Polska Miedź S.A. Group”,
- 9) providing an opinion on the Audit Plan in the KGHM Polska Miedź S.A. Group for 2024,
- 10) 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 2022,
- 11) evaluation of 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,
- 12) adoption of the report of the Supervisory Board on the results of its evaluation together with justification, regarding 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 the Company and the KGHM Polska Miedź S.A. Group in 2022,
- 13) declarations of the Supervisory Board on adhering to rules regarding the appointment, composition and functioning of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. and its carrying out of tasks prescribed in existing rules,
- 14) selection of an auditing firm to audit the annual separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2022 and the annual consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2022, in accordance with the laws regarding the selection of and procedures for selecting the auditing firm,
- 15) evaluation of the proposals of the Management Board of KGHM Polska Miedź S.A. regarding the allocation of profit for 2022,
- 16) 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 2022,
- 17) evaluation of the effectiveness of the internal control, risk management and compliance systems and of the internal audit function,
- 18) assessment of the Company’s standing with an evaluation of the adequacy and effectiveness of the internal control, risk management and compliance systems applied in the Company, in terms of standards or applicable practices, and of the internal audit function,

In 2023 the Audit Committee met with the audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa four times, i.e at meetings on 24 February, 16 March, 16 August and 12 October 2023, during which:

- 1) it discussed with the auditor the status of work on auditing the accounts for 2022 and for the first half of 2023,
- 2) it provided a recommendation to the Supervisory Board as regards extending the agreement with the current auditor to audit and review the financial statements of KGHM Polska Miedź S.A. for the years 2025 – 2028,
- 3) it consented to the performance by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa of independent attestation services.

Due to changes in the composition of the Audit Committee which were made on 13 February 2024, this report was adopted by the Audit Committee in the following composition:

- 1) Zbysław Dobrowolski Chairperson
- 2) Aleksander Cieśliński
- 3) Przemysław Darowski
- 4) Dominik Januszewski
- 5) Tadeusz Kocowski
- 6) Marian Noga
- 7) Piotr Prugar
- 8) Bogusław Szarek

In 2024 the Audit Committee, in its new composition, among others reviewed the financial statements of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023.

5.2 Strategy Committee of the Supervisory Board

Composition of the Strategy Committee in 2023

The composition of the Strategy Committee of the Supervisory Board from 1 January 2023 to 31 December 2023 was as follows:

- 1) Andrzej Kisielewicz Chairperson
- 2) Józef Czyczerski
- 3) Przemysław Darowski
- 4) Katarzyna Krupa
- 5) Bogusław Szarek
- 6) Agnieszka Winnik- Kalembe
- 7) Marek Wojtków
- 8) Wojciech Zarzycki
- 9) Radosław Zimroz
- 10) Piotr Ziubroniewicz

Functioning of the Strategy Committee

The tasks and duties of the Strategy Committee of the Supervisory Board of KGHM Polska Miedź S.A. are defined by § 7 para. 7 of the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A.

During the reporting period the Strategy Committee operated in accordance with § 7 para. 6 and 7 of the Bylaws of the Supervisory Board and the Bylaws of the Strategy Committee of the Supervisory Board. The operating principles of the Committee are defined by the Bylaws of the Strategy Committee. The Strategy Committee is comprised of at least three members of the Supervisory Board.

The Strategy Committee oversees advancement of the Company strategy, the annual and multi-year operating plans of the Company, oversees the consistency of documents, and also provides its opinion to the Supervisory Board as regards strategic projects presented by the Management Board of the Company and any changes thereto, as well as the annual and multi-year operating plans of the Company.

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.

Activities of the Strategy Committee

Information on the major issues dealt with by the Strategy Committee during its meetings in 2023:

In 2023 the Strategy Committee held a total of 4 protocolled meetings and adopted 7 resolutions. In the case of the absence of a member of the Strategy Committee at a specific meeting, the Strategy Committee, after reviewing the reason for the absence, adopted a resolution regarding its justification. In 2023, there were no unjustified absences of members of the Committee at their meetings.

In 2023, meetings of the Strategy Committee, apart from the members of the Committee, were also attended by members of the Supervisory Board, members of the Management Board and the heads of organisational units of the Company.

The Strategy Committee in 2023 carried out the individual tasks resulting from the assigned duties of the Strategy Committee set forth in the Bylaws of the Strategy Committee of the Supervisory Board and in the Bylaws of the Supervisory Board, and prepared recommendations for the Supervisory Board of KGHM Polska Miedź S.A. in matters which were the subjects of the meetings of the Supervisory Board, among others as regards the following:

- 1) adoption of the „Report on the activities of the Strategy Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2022”,
- 2) providing an opinion on the „Report on the realisation of the Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040 for 2022”,
- 3) consent for carrying out a review of the Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040 for purposes of its update,
- 4) providing an opinion on the „Report on the realisation of the Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040 for the first half of 2023”, and providing the report together with the opinion to the Supervisory Board of KGHM Polska Miedź S.A.,
- 5) providing a positive opinion to the Supervisory Board regarding the „Budget of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group for 2024”.

Due to changes in the composition of the Strategy Committee which were made on 13 February 2024 and on 6 March 2024, this report was adopted by the Strategy Committee in the following composition:

- 1) Marian Noga Chairperson
- 2) Aleksander Cieśliński
- 3) Józef Czyczerski
- 4) Przemysław Darowski
- 5) Zbysław Dobrowolski
- 6) Dominik Januszewski
- 7) Tadeusz Kocowski
- 8) Piotr Prugar

5.3 Remuneration Committee

Composition of the Remuneration Committee in 2023

During the period from 1 January 2023 to 31 December 2023 there were no changes in the composition of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. The composition of the Remuneration Committee of the Supervisory Board from 1 January 2023 to 31 December 2023 was as follows:

- 1) Katarzyna Krupa Chairperson
- 2) Józef Czyczerski
- 3) Andrzej Kisielewicz

- 4) Bogusław Szarek
- 5) Agnieszka Winnik – Kalemba
- 6) Marek Wojtków
- 7) Wojciech Zarzycki
- 8) Radosław Zimroz

Functioning of the Remuneration Committee

During the reporting period the Remuneration Committee operated in accordance with § 7 para. 5 of the Bylaws of the Supervisory Board and the Bylaws of the Remuneration Committee of the Supervisory Board. 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 specified in § 3 para. 3 of the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A. At least one member of the Remuneration Committee should possess qualifications or experience in the area of human resources management.

The Remuneration Committee is responsible among others for overseeing the execution of agreements entered into with the Management Board, the system of remuneration and benefits paid in the Company and Group, training and other benefits paid by the Company, as well as audits conducted by the Supervisory Board in this regard.

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.

Activities of the Remuneration Committee

Information on the major issues dealt with by the Remuneration Committee of the Supervisory Board during its meetings in 2023

In the financial year ended 31 December 2023, the Remuneration Committee of the Supervisory Board held a total of 5 protocolled meetings and adopted 11 resolutions. In the case of the absence of a member of the Remuneration Committee at a specific meeting, the Remuneration Committee, after reviewing the reason for the absence, adopted a resolution regarding its justification. In 2023, there were no unjustified absences of members of the Committee at their meetings.

In 2023, meetings of the Remuneration Committee, apart from the members of the Committee, were also attended by other members of the Supervisory Board, members of the Management Board and the heads of organisational units of the Company.

The Remuneration Committee in 2023 carried out the individual tasks resulting from the assigned duties of the Remuneration Committee set forth in the Bylaws of the Committee and of the Supervisory Board of KGHM Polska Miedź S.A., and prepared recommendations for the Supervisory Board of KGHM Polska Miedź S.A. in matters which were the subjects of the meetings of the Supervisory Board, among others as regards the following:

- 1) adoption of the „ Report on the activities of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. for 2022”,
- 2) designation of management goals amongst the Members the Management Board of KGHM Polska Miedź S.A. for 2023,
- 3) adoption and submission to the Ordinary General Meeting of KGHM Polska Miedź S.A. 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 2022,
- 4) achievement of management goals and the setting of variable remuneration for Members of the 11th-term Management Board for 2022,
- 5) updating of Management Goals assigned to the Members the Management Board of KGHM Polska Miedź S.A. for financial year 2023.

Due to changes in the composition of the Remuneration Committee which were made on 13 February 2024 and on 6 March 2024, this report was adopted by the Remuneration Committee in the following composition:

- 1) Tadeusz Kocowski Chairperson
- 2) Aleksander Cieśliński
- 3) Józef Czyczerski
- 4) Zbysław Dobrowolski
- 5) Marian Noga
- 6) Bogusław Szarek

6. Results of the evaluation of the financial statements of the Company and of 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 coverage of the loss for 2023 and payment of a dividend

Acting on the basis of art. 382 § 3¹ point 1) of the CPC, the Supervisory Board evaluated the following documents with respect to the reporting period which this report covers:

- 1) The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023,
- 2) The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023
- 3) The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023, and
- 4) The proposal of the Management Board regarding coverage of the loss for financial year 2023 and payment of a dividend.

6.1 Evaluation of the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023, the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023 and the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023, 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 para.1 point 14 and § 71 para.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 para. 2 points 1) and 3) of the Statutes of KGHM Polska Miedź S.A., based on:

1. the contents of documents presented by the Management Board of KGHM Polska Miedź S.A., in particular:
 - a. The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023,
 - b. The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023,
 - c. The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023,
2. the report on the audit of the financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023,
3. the report on the audit of the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023,
4. the additional report of the auditor for the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A.,
5. meetings of the Supervisory Board with representatives of the auditing company, including with the key certified auditor, and
6. recommendations of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. regarding providing an opinion on the audited financial statements,

the Supervisory Board of KGHM Polska Miedź S.A. on 23 April 2024 positively evaluated the following:

- a. The separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023,
- b. The consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023,
- c. The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023.

The results of the evaluation made together with justification are presented below.

1. Evaluation of the separate financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023

The Supervisory Board reviewed and analysed the financial statements of KGHM Polska Miedź S.A. for the financial year ended 31 December 2023, comprising:

- | | |
|---|--------------------|
| a. The statement of profit or loss showing a loss for the period of | PLN 1 153 million |
| b. The statement of comprehensive income with a total negative comprehensive income of | PLN 657 million |
| c. The statement of cash flows showing an increase in net cash flow of | PLN 498 million |
| d. The statement of financial position showing total assets and total equity and liabilities of | PLN 48 896 million |
| e. The statement of changes in equity showing a decrease in equity of | PLN 857 million |
| f. Explanatory notes to the 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 approved by the European Union and:

- a. accurately and clearly reflect the financial position and assets of the Company as at 31 December 2023 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.

Based on the aforementioned procedures and explanations, the Supervisory Board hereby declares that the separate financial statements of KGHM Polska Miedź S.A. for the financial year

ended 31 December 2023 were prepared in all material aspects in accordance with International Financial Reporting Standards and are 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 2023

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 2023, comprising:

- | | |
|--|--------------------|
| a. The consolidated statement of profit or loss showing a loss for the period of | PLN 3 691 million |
| b. The consolidated statement of comprehensive income with a total negative comprehensive income of | PLN 3 318 million |
| c. The consolidated statement of cash flows showing an increase in net cash flow of | PLN 506 million |
| d. The consolidated statement of financial position showing total assets and total equity and liabilities of | PLN 51 383 million |
| e. The consolidated statement of changes in equity showing a decrease in equity of | PLN 3 516 million |
| f. 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 approved by the European Union and:

- a. accurately and clearly reflect the financial position and assets of the Group as at 31 December 2023 as well as its financial result and cash flow,
- b. is compliant in form and content with the existing laws under which the Group 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.

Based on the aforementioned procedures and explanations, the Supervisory Board hereby declares that the Consolidated financial statements of the KGHM Polska Miedź S.A. Group for the year ended 31 December 2023 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 2023.

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 2023 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 2023 and in the consolidated financial statements of the KGHM Polska Miedź S.A. Group for the financial year ended 31 December 2023.

The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group for 2023 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 and its compliance with the information disclosed therein 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 para. 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 2023.

6.2 Evaluation of the proposal of the Management Board to the Ordinary General Meeting regarding the appropriation of profit for financial year 2023 and payment of a dividend

The Supervisory Board of KGHM Polska Miedź S.A. hereby issues a positive opinion of the proposal of the Management Board regarding coverage of the loss for 2023 in the amount of **PLN 1 153 112 535.90** from the reserve capital of the Company, and recommends that a dividend be paid in the amount of **PLN 300 000 000.00** (PLN 1.50 per share) from the Company's reserve capital, from profit of prior years.

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.

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 „Best Practice for GPW Listed Companies 2021” (hereafter „DPSN 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 operations.

In accordance with art. 382 § 3¹ of the Act dated 15 September 2022, i.e. the Commercial Partnerships and Companies Code, Supervisory Board reports shall include an 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.

This assessment of the standing of KGHM Polska Miedź S.A. (hereafter: „the Company”) for 2023 on a consolidated basis, including an evaluation of the internal control, risk management and compliance systems and the internal audit function, concerns a year in which the supervisory functions were carried out by a different Supervisory Board than the one which has prepared this assessment. Consequently, this document was prepared based on an analysis of corporate documentation involving risk management, compliance and the internal audit function, as well as among others based on information received from the Management Board of KGHM Polska Miedź S.A. (hereafter: „the Management Board”) 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 persons invited to attend meetings of the Supervisory Board of KGHM Polska Miedź S.A. (hereafter: „the Supervisory Board”), and also takes into account the financial statements and the reports of the Management Board 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.

7.1 Economic results of the Company in 2023

1) Production

In 2023 extraction of ore (wet weight) was at the level of the prior year, i.e. 32.1 million tonnes, which, given slightly higher copper content, resulted in a slightly higher amount of copper (+0.6%) in extracted ore than in 2022, which in 2023 amounted to 445.5 thousand tonnes.

The Company achieved electrolytic copper production in the amount of 592.4 thousand tonnes, exceeding the amount from 2022 by 1.1%. The improvement was achieved as a result of the optimisation of production capacity by higher consumption of purchased copper-bearing materials.

Metallic silver production amounted to 1 403 tonnes, or 8.1% higher than in 2022, and reached the highest level in the history of KGHM.

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 2023

In 2023 the average price of copper on the LME amounted to 8 478 USD/t compared to 8 797 USD/t in 2022. The highest price was recorded on 18 January and amounted to 9 436 USD/t, while the lowest level was recorded on 5 October, when the price of copper amounted to 7 812 USD/t. During the year the price of copper fell by 3.6%.

It should however be pointed out that due to the strengthening of the Polish zloty in 2023, the average price expressed in PLN fell in 2023 by 9% compared to 2022 and amounted to 35 647 PLN/t (daily LME price after fixing by the NBP).

3) Revenues from sales

In 2023, the volume of copper sales by the Company amounted to 584.7 thousand tonnes, versus 565.0 thousand tonnes in the prior year. In 2023, sales of copper cathodes amounted to 306.3 thousand tonnes, or an increase by 9.5% compared to 2022, while sales of wire rod and OFE rod decreased by 2.4%, reaching in 2023 the level of 275.5 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 volume of metallic silver sales in 2023 amounted to 1 351.6 tonnes, or an increase by 1% versus 2022, with production higher by 8.1%. Inventories of silver at the end of 2023 were allocated to satisfy the schedule of sales in 2024.

Total revenues from sales of KGHM Polska Miedź S.A. in 2023 amounted to PLN 29 084 million, or an increase by 2.3% versus 2022, when revenues amounted to PLN 28 429 million.

The increase in revenues from contracts with customers compared to the prior year by PLN 655 million was mainly due to a higher volume (+PLN 1 107 million), the positive adjustment of revenues due to hedging transactions (+PLN 817 million), and higher prices of silver and gold with lower copper prices (+PLN 140 million) as well as lower revenues due to a less favourable USD/PLN exchange rate (-PLN 1 651 million).

4) Cost of sales, selling costs and administrative expenses

The Company's costs of sales, selling costs and administrative expenses in 2023 amounted to PLN 30 004 million, or an increase by 23% compared to 2022. The increase in in basic operating costs was to a large extent due to the impairment losses recognised on non-current property, plant and equipment and intangible assets in the amount of PLN 2 806 million, being the result of impairment

tests conducted. After eliminating the impact of these impairment losses, basic operating costs increased by 11%.

Expenses by nature, excluding purchased metal-bearing materials, the minerals extraction tax and the impairment losses recognised on production assets, amounted to PLN 15 845 million and were higher than the corresponding costs of the prior year by PLN 1 855 million, mainly due to higher costs in the following areas:

- consumption of materials and energy (+PLN 415 million) – mainly due to higher prices of technological materials and electricity,
- labour (+PLN 643 million) – due to an increase in remuneration rates and a higher by PLN 147 million revaluation of provisions for future employee benefits,
- external services (+PLN 400 million) – mainly due to an increase in transportation services, repairs and maintenance and mine development work,
- depreciation/amortisation (+PLN 171 million) - an increase due to investments advanced in prior periods.

The unit cash cost of producing payable copper in concentrate C1 amounted to respectively: in 2022 to 2.38 USD/lb and in 2023 to 2.98 USD/lb. The increase in this cost by 25% was mainly due to the higher costs of materials, external services and labour described above, but also to an increase in the minerals extraction tax charge, due to the lack of the relief from which the Company benefited in 2022, as well as a strengthening in the PLN as compared to the USD. Positive impact on this cost came from the valuation of by-products due to higher silver and gold prices.

5) Financial results and financial condition of the Company at the end of 2023

In 2023, the Company recorded a result on adjusted EBITDA in the amount of PLN 3 563 million and a loss for the period in the amount of PLN 1 153 million.

The decrease in EBITDA compared to the prior year by PLN 1 907 million (-34.9%) was mainly due to a less favourable exchange rate and higher costs, including employee costs and energy factors.

The deterioration in the net result by PLN 4 686 million was mainly comprised of:

- a decrease in EBITDA by PLN 1 907 million (described under revenues and cost of sales, selling costs and administrative expenses),
- impairment losses recognised due to impairment tests conducted on mining and metallurgical assets in the amount of PLN 3 771 million, of which PLN 2 806 million decreased cost of sales, selling costs and administrative expenses, while PLN 965 million decreased other operating costs,
- reversal of allowances recognised on shares in subsidiaries in 2023 in the amount of PLN 827 million, with respect to shares of Future 1 Sp. z o.o. (PLN 741 million) and KGHM Metraco S.A. (PLN 86 million),
- a lower result by PLN 733 million due to exchange differences, including in other operating activities (-PLN 1 270 million mainly on loans granted) and in financing activities (+PLN 537 million on borrowings),

- a decrease in the income tax charge by PLN 1 340 million, including current income tax by PLN 558 million (mainly due to lower EBITDA and the impact of exchange differences) and deferred tax by PLN 691 million (mainly the result of impairment losses).

Net cash generated from operating activities in 2023 amounted to +PLN 5 639 million. This amount was mainly comprised of EBITDA in the amount of PLN 3 563 million, income tax paid in the amount of PLN 1 631 million and the positive effect of working capital by PLN 3 185 million, including PLN 2 886 million due to trade payables transferred to factoring.

Net cash used in investing activities in 2023 amounted to -PLN 4 322 million and mainly comprised expenditures on property, plant and equipment and intangible assets in the amount of -PLN 3 074 million and the balance of proceeds and expenditures due to loans granted, -PLN 714 million.

Net cash used in financing activities amounted to -PLN 809 million and mainly comprised dividends paid to shareholders in the amount of PLN 200 million, the balance of loans drawn and paid in the amount of -PLN 422 million and interest paid, PLN 145 million.

After reflecting exchange differences on cash and cash equivalents, in 2023 cash and cash equivalents increased by PLN 496 million and amounted to PLN 1 481 million.

As at 31 December 2023, total assets amounted to PLN 48 896 million, or an increase as compared to the end of 2022 by PLN 901 million, or by 2%, mainly due to the following:

- a decrease in the value of non-current tangible and intangible assets by PLN 1 907 million, which is mainly due to impairment losses by PLN 3 777 million and depreciation/amortisation at the level of PLN 1 675 million. Increases in this regard include the result on investment expenditures incurred in the amount of PLN 3 074 million,
- an increase in investments in subsidiaries by PLN 1 106 million, including due to reversals of impairment losses recognised on the shares of FUTURE 1 Sp. z o.o. in the amount of PLN 741 million and KGHM METRACO S.A. by PLN 86 million, and increases in the share capital of Energetyka Sp. z o.o. by PLN 159 million,
- an increase in long term loans (+PLN 875 million) granted, mainly to KGHM INTERNATIONAL LTD. due to advancement of the Victoria project,
- a decrease in the value of derivatives by PLN 517 million,
- an increase in tax receivables by PLN 620 million, mainly due to a surplus of prepayments on income tax,
- an increase in cash and cash equivalents by PLN 496 million, which were of a short term nature and were mainly related to an increase in factoring liabilities in the fourth quarter of 2023.

The increase in equity and liabilities was mainly comprised of:

- a decrease in equity by PLN 857 million due to a loss for the period in the amount of PLN 1 153 million, dividends paid of PLN 200 million and actuarial losses due to the measurement of benefits after the period of employment, by PLN 219 million. The increase in reserves from the measurement of financial instruments by PLN 715 million was mainly due to the measurement of Tauron Polska Energia S.A. +PLN 294 million and an increase in the measurement of cash flow hedging instruments, +PLN 451 million,
- higher current trade and similar payables by PLN 3 246 million, mainly due to an increase in liabilities transferred to factoring by PLN 3 021 million.

- a decrease in borrowings, leases and debt securities by PLN 783 million,
- a decrease in tax liabilities by PLN 656 million, mainly in respect of overpayment of tax liabilities due to the application of fixed income tax advances under a simplified formula, i.e. at a fixed level calculated on the basis of income earned in 2021. Tax liabilities for 2022 were paid by 30 June 2023. At the end of 2023 the Company did not have any income tax liabilities,
- a decrease in liabilities due to derivatives by PLN 452 million,
- higher liabilities due to employee benefits (+PLN 377 million) mainly due to an increase in the measurement of liabilities due to the coal equivalent (+PLN 191 million), jubilee awards (+PLN 112 million) and retirement and disability benefits (+PLN 109 million).

The good condition of the Company and of the KGHM Group is also attested to by the debt ratios, including mainly net debt to EBITDA for the KGHM Group, which at the end of 2023 amounted to 1.06, remaining at a safe level, substantially below covenant restrictions.

The full scope of financial and economic results of the Company were presented in the separate and consolidated financial statements for 2023, 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 2023. The Supervisory Board in resolutions 68/XI/24, 69/XI/24 and 70/XI/24 dated 23 April 2024, positively evaluated the aforementioned financial statements, presenting them for approval by the Ordinary General Meeting of KGHM Polska Miedź S.A.

In 2023, 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 first stage of this process was the review and approval of the Budget for 2024 adopted by the Management Board, which identified the main economic and financial goals to be achieved in 2024. The Budget was approved by the Supervisory Board by resolution no. 170/XI/23 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 bonus tasks (KPIs) 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.

Moreover, in 2023, the Supervisory Board received access to Management Board reports regarding: monitoring and assessing the execution of key investments, expenditures on advisory, legal and marketing services incurred by the Company and exposure to market risk, as well as the situation in the international assets and the Company's debt level.

7.2 Assessment of the risk management system in the Company in 2023

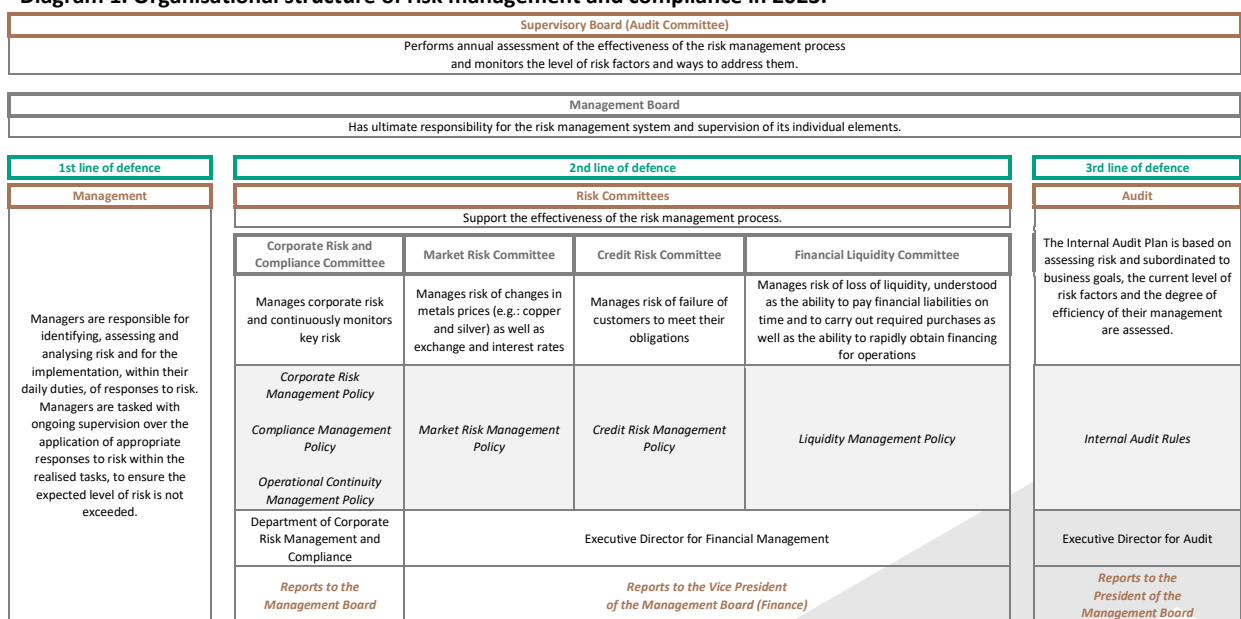
1. Comprehensive corporate risk management system

The process of corporate risk management in the KGHM Group is carried out under the implemented Corporate Risk Management Policy and Procedure and the Rules of the Corporate

Risk and Compliance Committee in force. The Company oversees the process of managing corporate risk in the KGHM Group, while in the companies of the KGHM Group, documents regulating this area 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 in 2023.



Based on the above diagram, the Management Board has ultimate responsibility for the risk management system and supervision of its individual elements. In accordance with the adopted model and based on an analysis of corporate documentation, in 2023 the Supervisory Board, through the Audit Committee of the Supervisory Board, had the opportunity to monitor 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, containing 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) as documented in the minutes of these meetings, had the opportunity in 2023 to analyse 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 2023 together with an indication of the key risks, risk factors and mitigation.

Moreover, in 2023 the corporate risk management system was subjected to an annual efficiency audit compliant with the guidelines of DPSN2021 carried out by the Internal Audit Department and presented in the Report on the execution of the internal audit plan for 2023. The Department of Corporate Risk Management and Compliance provided the Supervisory Board with their own assessment of the functioning of the system in 2023, 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 Polska Miedź S.A. 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 an acceptable level. 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, and
- The policy on purchasing electricity, property rights, guarantees of origin and natural gas.

The „Market Risk Management Policy in the KGHM Polska Miedź S.A. Group” covers selected mining companies in the KGHM Group. Key tasks 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, were centralised in the Company.

The Company 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 2023 the Company 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 environment, market risk management and its measurement, were provided to and presented at meetings of the Supervisory Board and documented in the minutes of these meetings.

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 2023

Based on a analysis of available corporate documents (such as the minutes of meetings of the Supervisory Board and its committees for 2023), the internal rules in force in 2023 (such as the Organisational Regulations of KGHM Polska Miedź S.A., the Corporate Risk Management Policy in the KGHM Polska Miedź S.A. Group), the periodic risk management reports submitted in 2023, the self-assessment 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 DPSN 2021, carried out by the Internal Audit Department, the Supervisory Board declares that the risk management system:

- ensures a breakdown of duties and responsibilities,
- has the possibility of encompassing all areas of activity and elements of the value chain,
- enables the identification of risk and mitigating actions to be undertaken,
- assumes the regularity of stages and cyclical improvement, and
- is tasked with supporting 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 and methods of mitigation.

In 2023 the Supervisory Board had the opportunity to engage in ongoing analysis of the Company’s approach to key risks related to the advancement of the business goals, among others by monitoring the risk management function conducted by the Audit Committee of the Supervisory Board. The Company provided information on the exposure of its activities

to key risks by presenting assessments of its sensitivity to individual risk factors as well as an evaluation of the impact and probability of the materialisation of negative events. It should however be noted that the process of risk management is connected with uncertainty as to the mitigation of risk, especially in those areas beyond the direct control of the KGHM Group.

7.3 Evaluation of the compliance management system for 2023

1. Compliance system

A compliance management system has been implemented in the Company, the goal of which is to identify, evaluate and analyse the risk of a loss of compliance, defined as adherence to existing external laws in force and internal regulations or voluntarily adopted legal regulations and standards (including ethical standards). In accordance with the adopted Compliance Management Policy, the Company recognises that compliance is an important element in its effective functioning, which requires that actions be taken to ensure that this goal is achieved. The process of compliance management, which is connected with the process of corporate risk management in the KGHM Group, is aimed at preventing 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 ensures 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.

Based on the aforementioned diagram, the Management Board has ultimate responsibility for the compliance management system and supervision of its individual elements. In accordance with the adopted model and based on analysis of corporate documentation, in 2023 the Supervisory Board, through the Audit Committee of the Supervisory Board, had the opportunity to monitor the actions of the Management Board in terms of compliance management in the Company and the KGHM Group, analysing among others the periodic, quarterly Reports on Corporate Risk Management presented by the manager of the corporate risk management function, which contained information on the risk of a loss of compliance (first half of the year) and quarterly Reports on Compliance Management (second half of the year). 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) as documented in the minutes of these meetings, had the opportunity in 2023 to analyse individual questions related to evaluate 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.

2. Evaluation of the Supervisory Board – compliance system in 2023

Based on a analysis of available corporate documents (such as the minutes of meetings of the Supervisory Board and its committees for 2023), the internal rules in force in 2023 (such as the Organisational Regulations of KGHM Polska Miedź S.A., and the Compliance Management Policy in the KGHM Polska Miedź S.A. Group), the periodic risk management reports submitted in 2023, the self-assessment 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 DPSN 2021, carried out by the Internal Audit Department, the Supervisory Board declares that the compliance system:

- ensures a consistent and clear breakdown of duties and responsibilities,
- has the possibility of preventing the occurrence of events which could result in the imposition of sanctions,
- is a cyclical process and undergoes annual evaluation,
- reflects both adherence to external laws generally in force and as well as to internal regulations and voluntarily adopted legal regulations and standards,
- assumes the building of transparent and active participation in the process of creating legal norms and business standards,
- assumes the regularity of stages and cyclical improvement, and
- is aimed at supporting 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 and its mitigation.

In 2023 the Supervisory Board had the opportunity to engage in ongoing analysis of the Company's approach to key compliance risks related to the advancement of the business goals, among others by monitoring the risk management function conducted by the Audit Committee of the Supervisory Board. The Company provided information on the exposure of its activities to the key risk of a loss of compliance, among others by presenting assessments of the impacts of potential non-compliance.

7.4 Evaluation of the internal audit and internal control system for 2023

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, the controls designed in IT systems 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 performed with the goal of the rational realisation of 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 Company's 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, which in 2023 was 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 presented 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 evaluates and monitors the control mechanisms and identifies potential risks in individual processes occurring in the Company and in the entire 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 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. Moreover, work is underway on improving the internal audit function in terms of ensuring full compliance with International Internal Audit Standards, in particular the assurance of full independence.

In 2023, 26 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 2023, 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 2023 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. Despite the identified inefficiencies of the internal control system, they do not significantly affect the ability to achieve the main objectives of the KGHM Polska Miedź S.A. Group.

In 2023 the Supervisory Board had the opportunity to monitor the functioning of the internal audit and internal control system, among others by the cyclical assessment of risk management and of the control mechanisms carried out by the Company's internal audit and their documentation in half-year and annual reports on the execution of the Internal Audit Plan of the KGHM Polska Miedź S.A. Group. The Company implemented and generally maintains corporate governance solutions aimed at assessing and improving the effectiveness of the processes of risk management, control and organisational management.

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 2.11.4. of „Best Practice for GPW Listed Companies 2021” (hereafter „**DPSN 2021**” adopted by the Exchange Council on 29 March 2021 No. 13/1834/2021”) 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 Rules¹ (hereafter: „WSE Rules”) and in regulations² 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 2023 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 20 October 2023, in performance of the informational obligations of listed companies as regards the application of the corporate governance principles set forth in § 29 para. 3 of the WSE Rules, KGHM Polska Miedź S.A. published updated information on the application of the principles of DPSN 2021. The Company updated its submitted declaration as regards the application of principle 3.5. and as regards the explanations respecting principles 1.3.1, 1.4.1, 2.1, 2.2 and 3.3.

¹ Resolution No. 1/1110/2006 of the Exchange Council dated 4 January 2006, with subsequent amendments.

² 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. Dz.U. 2018 item 757).

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: [Corporate governance | KGHM Corporate Website](#).

On 24 April 2024 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 2023, which includes a Corporate Governance Statement for 2023 containing information required under § 70 para. 6 point 5) of the Decree.

In the opinion of the Supervisory Board the Company has a transparent and effective informational policy, ensuring 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 KGHM Polska Miedź S.A. Group's business strategy.

The Supervisory Board:

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

Taking into consideration the aforementioned actions, the Supervisory Board of KGHM Polska Miedź S.A. positively evaluates the manner in which the Company met its informational obligations regarding the application of the corporate governance principles as set forth in Warsaw Stock Exchange 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 update 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,
- 4) key actions in the areas of development, concession proceedings and in the area of strategic projects,
- 5) advancement of projects in the R&D portfolio,
- 6) management of corporate risk, compliance and market risk.

The Management Board met its obligations both in terms of KGHM Polska Miedź S.A as well as in respect of the subsidiaries and associated companies.

The information, documents, reports or explanations received in 2022 by the Supervisory Board, based on art. 382 § 4 of the CPC, are reflected in the documents from the work of the Supervisory Board of KGHM Polska Miedź S.A. in 2023.

Taking into consideration the aforementioned actions, the Supervisory Board had the opportunity to review the documents and information provided by the Management Board of the Company as regards fulfilling the obligations referred to in art. 380¹ 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 of the 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 prestigious events in Poland and abroad, and on the other hand at supporting valuable initiatives and ventures involving culture and the arts, sport, science and society, aiding in social development.

In terms of culture and society, in 2023 KGHM sponsored 68 events and initiatives in the amount of over PLN 11 million. In 2023 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 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. The Company also supported film production, e.g. a screen adaptation of the prose of Janusz Korczak's „Kajtek the Wizard”, but also inter-generational cultural meetings such as the Festival of Rural Women's Circles.

In terms of academia, in 2023 KGHM sponsored 46 events and initiatives in the amount of nearly 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. Particular emphasis in 2023 was placed on attending sector events related to mining, as well as for example on the energy transformation. Moreover, KGHM engaged in economic events, including among others the Economic Forum, the Development Vision Forum and the Krynica Forum.

In terms of sport, in 2023 KGHM sponsored 66 events and initiatives in the amount of over PLN 39 million. It was the main sponsor of the Extraclass football club Zagłębia 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 and the Noworoczny Marszobieg (New Year's run) in Głogów, as well as sport initiatives which engaged the 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, which acts on the basis of the Sponsoring Policy adopted in 2019. Its decisions are documented in each case by meeting minutes, which are verified by the President of the Management Board of KGHM Polska Miedź S.A.

Payment of the full amount of remuneration resulting from each sponsoring agreement with a value of more than PLN 100 000 is contingent upon the submission by the Sponsoree of a report indicating the achievement, as a result of execution of the Agreement, of the image value of the KGHM brand, at a level at least as much as is indicated in the agreement, prepared by an external entity involved in the professional examination of the effectiveness of sponsoring, at the cost of and organised by the Sponsoree. Meanwhile, the signing of a sponsoring agreement with a value of over PLN 500 000 requires additionally the consent of the Management Board and the Supervisory Board. The same is the case for donations by the Company, if they exceed the amount of PLN 20 000 they require the consent of the Management Board and the Supervisory Board.

In the case of one of the 180 agreements settled in 2023, it was determined that a portion of the benefits were not realised, and it was therefore agreed that the amount of remuneration paid would be lower, in accordance with the agreement, by 3%. Meanwhile, of the 58 sponsoring agreements with a value of over PLN 100 000, in the case of one of them, the amount of remuneration paid was lower by 26% based on the value indicated in the report on the visibility of the KGHM brand.

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

In 2023, cooperation continued with institutions responsible for the support of foster families by subsidising programs to improve parenting skills and by organising trips for the foster families.

Foster parenting was also promoted under a social campaign called „Mie(dź) Rodzinę” (To Have a Family).

As part of the KGHM Academy initiated in 2023, 75 editions of preventive programs were carried out in the areas of preventing violence and addictions, safety on the Internet, intelligence and emotional equilibrium. 8 thousand people benefited from these programs.

Subsidising also continued to be provided to partner schools of non-governmental organisations, under the fourth edition of the Copper Basin NGO Academy.

In 2023, a KGHM Reading Club was initiated along with the campaign „Mie(dź) apetyt na czytanie” (Have an appetite for reading), under which cooperation was undertaken with local libraries, where comics workshops were organised and books from employee collections were provided. The goal of these actions was to support reading and the personal development of employees and local communities.

KGHM also continued the scholarship program called „Miedziana Rywalizacja” (Copper Rivalry), in which 30 athletes from all over Poland received financial support to develop their professional careers. Funds are granted for exceptional achievements in sport and for systematic work on achieving ever-better results in their discipline.

KGHM’s employees are also engaged in advancing social programs, taking part in numerous volunteer actions. In 2023, 310 actions were carried out, of which 58 were conducted within the KGHM Group. Amongst all of KGHM’s volunteer actions, most frequently advanced were projects in the areas of science and education as well as the arts and traditions.

Altogether, 2 635 volunteers took part in these actions, dedicating more than 10 thousand hours to the preparation and realisation of volunteer projects. Especially engaged was a group of volunteers from the Concentrators Division, who in 2023 carried out bespoke projects such as „KGHM na wesoło”, „Święta Barbara” and „Śladami Jasia Wyżykowskiego” aimed at the youngest inhabitants of the Copper Basin.

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 2023 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 2023 focused on granting subsidies and controlling their distribution and on conducting the competition called „Fundacja KGHM dla OSP” (KGHM Foundation for Volunteer Fire Departments). 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 2023 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 2023, the KGHM Polska Miedź Foundation, pursuant to its statutory objectives, as well as to the extent possible, endeavoured to respond to diverse social needs, engaging in actions aimed at

increasing safety and the protection of health, professional, cultural and intellectual development and motivating people to participate on behalf of the common good of the region, Poland and beyond the country's borders. Support was provided in the form of cash subsidies in the total amount of PLN 59 023 703.76, including subsidies for 496 projects advanced by Institutions in the amount of PLN 52 736 368.04, subsidies for 365 Volunteer Fire Departments in the amount of PLN 4.999.995.47 under the competition called „Fundacja KGHM dla OSP” a well as subsidies for 154 people in the amount of PLN 1 287 340.25.

KGHM, through its communication strategy, cooperates with the media. The Company functions on a global market, is exposed to the commercial volatility of this market, as well as restrictive laws 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, in a manner which guarantees the communication of information on the activities of KGHM to the most important stakeholders. These include media relations (i.e. regular contact with the media, 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, „X” and Facebook) and the promotion of KGHM experts through appearances in the media and participation in key business and sector conferences. Expenditures by KGHM Polska Miedź S.A. on cooperation with the media amounted to PLN 7 million.

In compliance with Best Practice of Companies Listed on the Warsaw Stock Exchange, KGHM Polska Miedź S.A. discloses the Company's expenditures related to trade unions. In 2023, they amounted in total to PLN 14 million, including remuneration of trade union representatives freed from the obligation to work of PLN 13 million, in accordance with the Act dated 23 May 1991 on trade unions (Journal of Laws 2022.854 i.e. with a date of 20 April 2022).

Taking into account the aforementioned activities, the Supervisory Board, after reviewing the report of the Management Board dated 30 April 2024 on expenditures as regards advisory services, the auditing of financial statements, expenditures on legal, marketing and advertising services, cultivating traditions, representation and sponsoring services, carried out by external entities for KGHM Polska Miedź and the Group for the 12 months of 2023, declares that the expenditures incurred in this regard are confirmed in the reports accounts of the Company for the reporting period of 1 January 2023 to 31 December 2023.

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 2023, given existing doubts of a formal and legal nature, legal opinions were prepared for the Supervisory Board by organisational units functioning within the structure of the Company.

The Supervisory Board hereby submits to the Ordinary General Meeting the above report on the execution of its obligations for the financial year ended 31 December 2023.

Chairperson of the Supervisory Board
Tadeusz Kocowski

Member of the Supervisory Board
Aleksander Cieśliński

Deputy Chairperson of the Supervisory Board
Marian Noga

Member of the Supervisory Board
Józef Czyczerski

Secretary of the Supervisory Board
Bogusław Szarek

Member of the Supervisory Board
Przemysław Darowski

Member of the Supervisory Board
Zbysław Dobrowolski

Member of the Supervisory Board
Dominik Januszewski

Member of the Supervisory Board
Piotr Prugar

appropriate signatures on the original

Lubin, 8 May 2024