

Responsible Gold Guidance and Responsible Silver Guidance were set up by LBMA in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice. These Guidances follow the five steps framework for risk-based due diligence based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

This report aims at presenting KGHM Polska Miedź S.A. compliance with the LBMA guidelines for silver and gold responsible sourcing.

Table 1. Refiner’s details

Refiners name	KGHM Polska Miedź S.A. (later as KGHM)
Location	KGHM Głogów Smelter and Refinery is located in Głogów, Poland
Reporting period	from 2023-01-01 till 2023-12-31
Date of report	2024-03-26
Senior Management responsible for this report	Mirosław Kidoń, Executive Vice President for International Assets

KGHM Głogów Smelter evaluation

KGHM’s main activity is copper mining, smelting & refining. Nevertheless KGHM produces annually approximately 3,4 tonnes of 99,99 gold and 1400 tonnes of 99,99 silver at Precious Metals Department of KGHM Głogów Smelter and Refinery. The source of gold and silver are copper concentrates originating from mined ore with gold and silver content of approximately grams per ton. Concentrate is treated in the copper smelter and the precious metals finally end up (as anode slime, by-product of copper cathodes production) in the Precious Metals Plant at KGHM Głogów Smelter and Refinery, where silver is produced at first and gold is eventually a by-product of silver production.

KGHM sources copper ore from its own mines, which are then enriched in our own processing plants. All our mines and processing plants are located in Poland. Otherwise we source copper bearings materials (i.e. copper concentrates, copper scraps) from external sources.

At present, neither gold or silver sourcing from nor gold or silver transporting via conflict affected or high risk areas has been identified in KGHM’s supply chain. KGHM does not have external suppliers of gold and silver and the entire production of KGHM’s precious

metals is based on the copper-bearing materials following which both KGHM's gold and silver is created in KGHM Głogów Smelter and Refinery as a by-product of KGHM's main product, i.e. copper cathodes. Annex I of this report contains the list of countries of origin of mined gold and silver produced by KGHM during the period from 1st January until 31st December 2023. The annex is not publicly disclosed.

Table 2. Summary of efforts to ensure compliance

STEP 1 – ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS

KGHM has **fully** complied with Step 1: Establish strong management system.

I. **Adopting a company policy regarding due diligence for supply chains of gold and silver.**

Comments and Demonstration of Compliance:

In December 2015 we have formalized our "KGHM Group Responsible Supply Chain Policy" and "KGHM Gold Supply Chain Due Diligence Procedure". Those have been updated by the KGHM's Management Board's Resolution no. 38/IX/2018 of 22nd February 2018 and new "KGHM Group Responsible Supply Chain Policy" and "KGHM Gold and Silver Supply Chain Due Diligence Procedure" were introduced. The Procedure has been updated again by the KGHM's Management Board Resolution no. 325/X/2019 of 27th November 2019. Next update of The Procedure has been done by KGHM's Management Board Resolution no. 124/X/2020 of 27th April 2020. In 2021 a new "KGHM Group Responsible Supply Chain Policy" was implemented by the Management Board Resolution no. 59/XI/2021 of 2nd June 2021. In 2022 a new "KGHM Group Responsible Supply Chain Policy" was implemented by the Management Board Resolution no. 185/XI/2022 of 1st June 2022. A newest version of the "KGHM Gold and Silver Supply Chain Due Diligence Procedure" has been implemented by the KGHM's Management Board Resolution no. 4/XI/2023 of 4th January 2023. In 2023, with KGHM's Management Board Resolution no. 458/XI/2023, there was also introduced update of "KGHM Group Responsible Supply Chain Policy" along with update of KGHM's CAHRA List. Both KGHM's Policy and Procedure are based on KGHM Group Code of Ethics and are consistent with LBMA Responsible Gold Guidance, LBMA Responsible Silver Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This policy is available in Polish and English version on the KGHM website www.kghm.com. According to our Policy, KGHM declares that we do not tolerate, support, contribute to or benefit from:

- any forms of torture, cruel, inhuman and degrading treatment,
- any forms of child labour or of forced or compulsory labour,
- minorities discrimination,
- violations of international humanitarian law,

- war crimes, genocide or any crimes against humanity,
- violating the rights of indigenous peoples,
- money- laundering and financing of terrorism,
- all forms of corruption and other activities related to economic crime, including financial fraud,
- degradation of cultural and natural heritage sites,
- violating health and safety rules,
- violating the right of association,
- direct or indirect support to illegitimate non-state armed groups, or public or private security forces which illegally control mines, sites, traders or other intermediaries, and transport routes through the supply chains; or illegally tax or extort money or minerals through the supply chains,
- non-compliance with taxes, fees and royalties due to governments related to mineral extortion, trade, and export from Conflict Affected and High- Risk Areas (CAHRAS),
- money laundering or terrorism financing,
- contribution to conflict,
- other serious human rights abuses.

There is a declaration included in Policy also that KGHM, in order to conduct its business in a responsible and sustainable way, considers important to address the growing importance of ESG factors in its activities and expects a similar approach from its contractors. KGHM's key ESG factors are:

- compliance with environmental, health, safety and labour regulation in country of operation and/or company policy,
- environmental management, including:
 - Air, water, land pollution and incident management plans,
 - Water stewardship, especially in water scarce and stressed areas,
 - Unauthorised sourcing from World Heritage Sites and Protected Areas,
- storage, handling, and disposal of hazardous chemicals, including mercury and cyanide,
- management of labour issues, including remuneration, working hours, collective bargaining, discrimination, diversity, disputes and safeguarding of workers,
- community engagement and management programmes (land acquisition and community resettlement, cultural heritage sites and indigenous people, closure planning and safeguarding of vulnerable populations),
- management of business integrity and ethical conduct, and supporting the implementation of relevant initiatives such as the Extractive Industry Transparency Initiative (EITI).

According to Policy, KGHM's approach is based on risk analysis. This enables risk and high-risk business relations identification on the basis of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, LBMA Responsible Gold Guidance and LBMA Responsible Silver Guidance as well as Joint Due Diligence Standard for Copper, Lead, Nickel and Zinc Standard implemented for KGHM Refineries due to responsible copper and lead supply chains.

KGHM expects all its suppliers to abide by these rules and reserves that it does not enter into business relations with entities that act in a manner inconsistent with them.

The Policy is available for all KGHM's employees through the system of internal normative acts.

II. Setting up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

A strong management system was established with a dedicated Compliance Officer, who is a Risk and Audit General Director or his deputy- Director of Enterprise Risk Management and Compliance Department, responsible for maintenance, development and supervision of the responsible gold and silver supply chain. Compliance Officer has documented professional qualifications e.g. compliance and risk management area. Additionally, according to KGHM Organizational Rules, the Executive Vice President for International Assets has been appointed as the Member of the Management Board with an overall responsibility for the responsible gold and silver supply chain system. The Executive Vice President has many years of professional experience in production management and planning as well as in the area of mining technology. He perfected his skills in companies of the KGHM Polska Miedź S.A. Group in Poland and abroad. KGHM's Management Board scope of responsibilities is applicable for all of KGHM's aspects of business.

Taking into account the character of our gold and silver supply chain, KGHM provides appropriate funding of supply chain due diligence process.

KGHM has implement the obligation that all payments with gold and silver suppliers have to be settled only in the non-cash form. The storage time of any gold and silver supply chain documentation was set at 5 years, counted from the end of current calendar year.

In 2023, a training was conducted for all of KGHM's employees of competent unit potentially eligible for buying external material from external suppliers. The subject of training were LBMA guidelines and the content of KGHM's Procedure and Policy.

III. Establishing a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors.

Comments and Demonstration of Compliance:

KGHM has established a process of potential gold and silver supplier evaluation that must be carried out before the start of any relationship or periodically in case of long-term contracts with potential gold and silver supplying counterparty that is consistent with LBMA Responsible Sourcing Guidelines for silver and gold and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The analysis of supply chain includes the determination of material's country of origin, providing supplier's risk analysis and risk assessment on the basis of KGHM's AML procedure and Contractor's Charter verification. In addition, suppliers are expected to provide additional documents, depending on the type of material:

- ❖ For recycled material:
 - copy of supplier's AML procedure;
- ❖ for mined material:
 - to obtain based on public sources all the necessary information about supplier's mining activity;
 - copy of supplier's AML procedure;
- ❖ for mined material from high risk and conflict affected areas:
 - copy of mining concession/licence or other document confirming the legal right to extract material from it's country of origin;
 - copy of supplier's import/export licence.

Additionally, within the traceability system it is required to collect and maintain supply chain information from the gold supplier such as:

- document confirming the implementation of responsible supply chain rules (i.e. Policy),
- proof of mining origin for primary product,
- proof of origin for Recycled Gold and Grandfathered Stocks,
- a unique reference number assigned to each input and output in order for any tampering to be evident,
- document confirming type of gold received;

- for mined gold: LSM, ASM, mining By-product or gold sourced from owned mines,
- for recycled gold: unprocessed, melted, industrial By-product,
- document confirming weight and assay declared and processed,
- export and import form for high-risk transactions, if applicable,
- shipping/transportation documents,
- document confirming date of arrival at the refinery and date of assay finalisation.

To ensure the highest standards regarding sourcing of gold and silver from conflict and high risk areas, KGHM has established a risk-based approach analysis. Sourcing of gold and silver from the above-mentioned areas requires more robust control of adherence to the rules set by the LBMA Guidance. As an element of analysis, KGHM is obliged to deliver to gold supplier the LBMA KYC Questionnaire available on LBMA website.

KGHM's has set the list of zero-tolerance issues in its gold supply chain including:

- the Mined Gold is known to originate from areas designated as World Heritage Sites,
- the Mined or Recycled Gold is known to be sourced in breach of international sanctions,
- the Mined or Recycled Gold supplying counterparty, other known upstream companies or their UBOs are known money launderers, fraudsters or terrorists, or have been implicit in serious human rights abuses, or in direct or indirect support to illegitimate non-state armed groups.

KGHM's Compliance Officer has completed internal self-assessment of the Management System for compliance with the LBMA Guidance in relation to a World Heritage Sites (WHS) during the period from January 1st until December 31st 2023 and in none of the cases metals/concentrates were found to originate from a WHS.

KGHM's Procedure requires to provide mandatory monitoring of all transactions with gold and silver supplying counterparty. In addition every gold and silver supplying counterparty will have to go through the AML risk assessment that is performed by a KGHM's department dedicated to that task.

Moreover, KGHM Głogów Smelter and Refinery implemented ISO 9001 quality management system as well as ISO 14001 environmental management system, ISO 45001 occupational health and safety management system and ISO 50001 energy management system.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, mentioned in this section actions such as external material's country of origin identification, collecting the suppliers documentation or risk assessment, were not taken in 2023.

IV. Strengthening company engagement with gold-supplying and silver-supplying counterparties and, where possible, assist gold-supplying and silver-supplying counterparties in building due diligence capacities.

Comments and Demonstration of Compliance:

KGHM has set up a process, where all our suppliers are obliged to sign the Contractor's Charter or to have responsible sourcing and ethics provisions equivalent to those required by the Contractor's Charter. This Charter is a declaration that they comply with principles stated in KGHM Group Code of Ethics (based on UN Global Compact) and that they take actions to avoid sourcing minerals in illegal and unethical way from conflict areas. KGHM reserves its right to suspend or terminate the contract, if reasonably suspects that a counterparty does not comply with the above rules.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, there were no cases where any kind of engagement or assistance with gold-supplying and silver-supplying counterparties in building their due diligence capacities was necessary.

V. Establishing a company-wide communication mechanism to promote broad employee participation and risk identification to management.

Comments and Demonstration of Compliance:

KGHM has set up KGHM Group Code of Ethics that promotes employee participation and communicates company values and principles. KGHM has set up The KGHM Ethics Hotline also which is a confidential tool to anonymously or non-anonymously report any violations taking place at Companies from the KGHM Group. It is to support the combating of fraud, embezzlement and other violations of applicable workplace standards of ethics. The information about KGHM Ethics Hotline and details about it's communication channels are available on KGHM's corporate website at: <https://liniaetyki.kghm.com/web/liniaetyki>. This tool is open to any internal or external stakeholder of KGHM. Participants of investigation procedure are informed about it's result through previously chosen communication channel.

Additionally KGHM has set up a mechanism, where stakeholders can voice their concerns, raise risk issues and ask questions about gold and silver supply chain using a dedicated mailbox at: conflict.minerals@kghm.com. The information is received directly by the Compliance Officer who is also responsible for taking appropriate actions.

In 2023 there were no notifications recorded regarding the KGHM's responsible gold and silver supply chain, both when it comes to KGHM Ethics Hotline and dedicated

mailbox, and there was only one inquiry from external stakeholder regarding the character of KGHM's gold production and it's country of origin.

STEP 2 – IDENTIFY AND ASSESS RISKS IN THE SUPPLY CHAIN

KGHM has **fully** complied with the Step 2: Identify and assess risks in the supply chain.

I. Identifying risks in the gold and silver supply chain.

Comments and Demonstration of Compliance:

KGHM's Procedure establishes requirement of identifying and assessing the risk in the gold and silver supply chains. Every gold and silver supplier must be recorded in dedicated database and allocated a risk profile according to our risk profile criteria. For gold and silver suppliers criteria set out in "*KGHM Gold and Silver Supply Chain Due Diligence Procedure*" are based on applicable LBMA and OECD guidelines. This process is a formal requirement before entering any business relationship with any gold or silver supplying counterparty or periodically in case of long-term contracts. The analysis is performed with use of risk assessment form attached to *Procedure*, which includes high-risk criteria sourced from LBMA's Guidances for Gold and Silver, on the basis of previously collected information, including those collected through LBMA KYC Questionnaire.

The initial risk assessment is conducted by KGHM's organisational unit eligible for buying external material followed by Compliance Officer verification of the assessment. Employees of the mentioned unit have appropriate experience and competence due to their day-to-day duties and their recognition of the world's metal market. Compliance Officer is a Director of KGHM's Enterprise Risk Management and Compliance Department and have appropriate education in the risk management and compliance area. In the event of discrepancies between the initial risk assessment and Compliance Officer's assessment, the final and conclusive decision on the assessment in given case is made by the designated Member of the Management Board.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, in 2023 there were no cases of risk identification regarding to gold and silver supplying counterparty.

II. Assessing risks in the light of the standards of their supply chain due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LBMA must be performed before entering into a business relationship with any gold or silver supplying counterparty. If a high risk is identified for a given business relationship the

decision can be made of either not proceeding with it or performing enhanced due diligence. The due diligence process includes all categories of precious metals, deliveries where gold and silver potentially originates from or transits *via* conflict affected areas, areas with human rights abuse or child labour or where other high risk factors are identified.

Every transaction of purchasing silver have to be assessed in accordance with following criteria:

- Supplier or other known upstream companies of the mined or recycled precious metal material are located in a country representing high-risk for money laundering, according to AML procedure;
- Supplier or other known upstream companies or their beneficial owners are PEPs;
- Supplier or other known upstream companies are active in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, sects and their leaders;
- Counterparty's risk assessment result conducted under KGHM's AML procedure is "higher risk" or "non-acceptable risk";
- supplier is not compliant with with taxes, fees and royalties due to Governments related to mineral extraction, trade and export from conflict affected and high-risk areas;
- mined material or recycled material originates from, has transited or has been transported via a conflict-affected or human rights abuse high-risk area;
- supplier has ordered a precious metal processing service;
- material is originated from areas containing World Heritage Sites;
- mined material is originated from the artisanal mining;
- mined material is produced with the use of mercury.

Every transaction of purchasing gold have to be assessed in accordance with the following criteria:

Mined Gold	Recycled Gold
<p>Location-based high risks:</p> <p>➤ Originates from, has transited or has been transported via a Conflict-</p>	<p>Location-based high risks:</p> <p>➤ Originates from, has transited or has been transported via a CAHRA;</p>

Affected and High-Risk Area (CAHRA);

- Is claimed to originate from a country through which gold from CAHRAs is known, or reasonably suspected, to transit;
- Is claimed to have originated from a country that has limited known reserves, likely resources or expected production levels.

Supplier-based high risks:

- Have shareholders, or UBOs, or other gold supplying interests in one of the location-based high-risk criteria
- Have UBOs that are Politically Exposed Persons (PEPs)
- Have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders
- Have been known to have sourced gold from a high-risk country in the last 12 months;
- Have material discrepancies/inconsistencies in the documentation provided or have refused to provide requested documentation.

Material-based high risks:

- Sourced from ASM;
- Produced with the use of mercury;
- Contributing to catastrophic harm or highly adverse ESG factors, to the extent that the Refiner is able to identify this (e.g., through a record in the public domain or in the Refiner's due diligence file).

- Is claimed to originate from a country through which gold from CAHRAs is known, or reasonably suspected, to transit, and/or is unjustifiably claimed to have originated from a country that has limited exports of gold.

Supplier-based high risks:

- Operate in a money laundering high-risk country;
- Have shareholders, or UBOs, or other gold-supplying interests in one of the location-based high-risk criteria;
- Have UBOs who are Politically Exposed Persons (PEPs);
- Have activities in a higher-risk business activity such as arms, gaming and casino industry, antiques and art, and sects and their leaders;
- Have been known to have sourced gold from a high-risk country in the last 12 months;
- Have significant unexplained geographic routing from their supplier or counterparty in the supply chain.

Material-based high risks:

- From an Intermediate Refinery or trader with a high-risk supply chain or a trading counterparty sourcing from an Intermediate Refinery with a high-risk supply chain.

After the due diligence is completed, it is a decision of the designated Member of Management Board, whether KGHM will pursue the higher-risk business relationship or transaction further or not.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, no actions mentioned in this section were taken in 2023. There were neither no high-risk business relations or zero-tolerance relations identified.

III. Enhanced due diligence

Comments and Demonstration of Compliance:

In case of recognizing business relation associated with any type of precious metal as a high-risk relation, KGHM is obliged to cancel the transaction or to initiate the enhanced process of supplier's documentation verification at an angle of it's integrity, authenticity and completeness. These activities may be performed by specialized internal KGHM's unit or external entity such as business intelligence company or appropriate consulate. According to the results of above, Compliance Officer shall issue a recommendation for further actions, i.e. audit carried out by external entity or KGHM's internal audit function. Audit procedure might be performed in direct supplier's mines or intermediate supplier's offices and warehouses and it's purpose is to analyze counterparty's due diligence performance related to it's supply chain and it's respect for human rights. The detailed scope of the possible audit is specified by Compliance Officer with the respect of KGHM's internal regulations related to audit function. On the basis of above mentioned activities, Compliance Officer provide recommendation on the possibility of contract conclusion with verified counterparty which is followed by Management Board Member's approval.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, no actions mentioned in this section were taken in 2023.

STEP 3 - DESIGN AND IMPLEMENT A MANAGEMENT SYSTEM TO RESPOND TO IDENTIFIED RISKS

KGHM has **fully** complied with the Step 3: Design and implement a management system to respond to identified risks.

- I. Devising a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk.**

Comments and Demonstration of Compliance:

KGHM has set up a system of regular risk assessment of gold and silver supplying business partners. In each case of business relation recognition as a high risk, KGHM's strategy is based on the obligation of performing appropriate response to identified risk which may consist in transaction disengagement or its suspension followed by enhanced due diligence activities.

Verification of suppliers with whom relationships have been considered as low-risk takes place at least once every 12 months while the verification of business high-risk relationships takes place each time before concluding a transaction.

In addition, all ad-hoc identified risks brought up by any stakeholder must be carefully assessed by the Compliance Officer in order to decide on any necessary actions/measures.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, actions such as mitigation measures, transaction disengagement or suspension cases, cooperation with government authorities etc. were not taken in 2023.

- II. Including measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management, where a management strategy of risk mitigation is undertaken.**

Comments and Demonstration of Compliance:

"KGHM Gold and Silver Supply Chain Due Diligence Procedure" states that identified risk must be monitored and reassessed periodically. Low risk suppliers are reassessed annually and high risk suppliers are reassessed at every transaction.

The initial risk assessment is conducted by KGHM's organisational unit eligible for buying external material followed by Compliance Officer verification of the assessment. In the event of discrepancies between the initial risk assessment and Compliance Officer's assessment, the final and conclusive decision on the assessment in given case is made by the designated Member of the Management Board.

In case of recognizing business relation associated with any type of precious metal as a high-risk relation, KGHM is obliged to cancel the transaction or to initiate the enhanced process of supplier's documentation verification at an angle of its integrity, authenticity and completeness. These activities may be performed by specialized internal KGHM's unit or external entity such as business intelligence company or appropriate consulate. According to the results of above, Compliance Officer shall issue a recommendation for further actions, which is followed by Management Board Member's approval.

The relevant units of KGHM are obliged to perform monitoring of transaction with each supplier during the business relationship in order to ensure compliance of the activities carried out with KGHM's knowledge of the relationship's risk profile with a given supplier and the information collected regarding supplier's supply chain. Therefore the following documents should be obtained for each batch of delivered material:

- weight and assay of delivered material (for mined material),
- transportation documentation.

Additionally, for high-risk transactions, customs documentation must be obtained from all countries through which the material is transported.

The unit is obliged also to review the compliance of the data in all documents provided and verify them with the collected information about the supplier's supply chain. If the documentation is inconsistent or should be considered as suspicious, the unit is obliged to report such incident to Compliance Officer immediately.

In addition, every gold and silver supplying counterparty will have to undergo periodic AML (Anti-Money-Laundering) risk assessment.

Moreover, Enterprise Risk Management System is established, where all risks identified in KGHM are monitored, periodically reassessed and reported to the Management Board.

In view of the fact, that KGHM does not have any external gold and silver supplying counterparty, no actions mentioned in this section were taken in 2023.

STEP 4 – ARRANGE FOR AN INDEPENDENT THIRD-PARTY AUDIT OF THE SUPPLY CHAIN DUE DILIGENCE

KGHM has **fully** complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:

KGHM engaged the services of assurance provider PricewaterhouseCoopers Polska sp. z o.o. sp.k. ("PwC") for providing the reasonable assurance in terms of reliable assessment of KGHM's activities in the area of responsible gold and silver supply chains in the view of LBMA Guidances for the period 1st January to 31st December of 2023. The company's selection was preceded by the market analysis performed both from geographical and financial point of view which led to conclusion that PwC's offer was most favourable. PwC's engagement required an Compliance Officer's formal request addressed to Management Board for a further acceptance of the KGHM's Audit Committee of a Supervisory Board for PwC's offer. The acceptance was preceded by independence analysis. PwC's independent reasonable assurance report for the period from January 1st until December 31st 2023 is attached to this Compliance Report.

STEP 5 – REPORT ON SUPPLY CHAIN DUE DILIGENCE

KGHM has **fully** complied with Step 5: Report on supply chain due diligence.

Comments and Demonstration of Compliance:

Publication of this Compliance Report for the reporting period from January 1st until December 31st 2023 provides compliance with the Step 5.

Table 3. Conclusion

In conclusion, KGHM implemented effective management system, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance. KGHM is committed to continuous improvement that is why management system is reviewed by the Compliance Officer on annual basis.

Table 4. Other report comments

If readers of this report wish to provide any feedback to KGHM Polska Miedź S.A. with respect to this report, they are invited to do so by e-mail at the following address: conflict.minerals@kg hm.com.

Monika Wolniewicz
Compliance Officer

DYREKTOR DEPARTAMENTU
Zarządzania Ryzykiem
Korporacyjnym i Zgodnością

Monika Wolniewicz

Mirosław Kidoń
Executive Vice President for International Assets


Wiceprezes Zarządu
ds. Aktywów Zagranicznych
Mirosław Kidoń



Independent reasonable assurance report on KGHM Polska Miedź S.A.'s activities relating to responsible sourcing of gold and silver in the year ended 31 December 2023.

To the Management Board of KGHM Polska Miedź S.A.

Introduction

The Management Board of KGHM Polska Miedź S.A. ("KGHM") engaged us to perform an assurance engagement providing reasonable assurance on compliance of activities undertaken by the Management Board of KGHM with applicable requirements relating to responsible gold and silver sourcing in the year ended 31 December 2023 ("Activities relating to responsible sourcing of gold and silver").

Description of the subject matter information and applicable criteria

The subject matter of this assurance engagement is compliance of Activities relating to responsible sourcing of gold and silver with the London Bullion Market Association ("LBMA") Guidelines for Responsible Gold Sourcing (version 9 of the LBMA Responsible Gold Guidance) and Responsible Silver Sourcing (version 1 of the LBMA Responsible Silver Guidance) (together "LBMA guidelines"). In addition, based on the LBMA guidelines, KGHM's Management Board developed and implemented internal policies and procedures for the responsible sourcing of gold and silver described in the Compliance Report of KGHM Polska Miedź S.A. for the year ended 31 December 2023 (the "Compliance Report"). Activities relating to responsible sourcing of gold and silver are described in the Compliance Report. In our view, the requirements described above constitute appropriate criteria for us to form a reasonable assurance conclusion ("Applicable Criteria").

We point out that the Compliance Report comprises the Annex "List of countries of origin of mined gold and silver". In accordance with the LBMA guidelines and KGHM's approach, this Annex, which provides details of the countries of origin of mined gold and silver is not intended for public disclosure and therefore will only be submitted to the LBMA and is subject to a separate assurance engagement.

In accordance with Step 4 of the LBMA guidelines, activities relating to the responsible sourcing of gold and silver are verified by an independent and competent third party. The Compliance Report together with the report of an independent and competent third party in accordance with LBMA requirements is published on the KGHM website. This report has been prepared in order to enable KGHM to meet these requirements.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k., ul. Polna 11, 00-633 Warsaw, T: +48 (22) 746 4000, F: +48 (22) 742 4040, www.pwc.com

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp.k., whose registration file is kept by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division,, KRS number 0000270501, Tax ID No. (NIP) 7010051646. The registered office is located in Warsaw, ul.Polna 11.



Responsibility of the Management Board

KGHM's Management is responsible for the preparation of the Compliance Report, which fairly describes Activities relating to responsible gold and silver sourcing and complies with the Applicable Criteria.

The responsibility of KGHM's Management also includes establishing an appropriate risk management process and internal control system, which KGHM's Management considers to be necessary for the preparation of a Compliance Report free of any significant misstatement due to fraud or errors.

Our Responsibility

Our task was to verify whether the Compliance Report fairly describes, in all material respects, Activities relating to responsible sourcing of gold and silver in order to demonstrate their compliance with the LBMA guidelines and to express, based on the evidence obtained, an independent conclusion from the reasonable assurance engagement performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 (R)") issued by the International Auditing and Assurance Standards Board and the guidance set out in the LBMA Responsible Sourcing Programme – Third Party Audit Guidance. ISAE 3000 (R) requires that we comply with ethical requirements and plan and perform this engagement to obtain reasonable assurance whether the Compliance Report has been prepared, in all material respects, in accordance with the Applicable Criteria.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing significant misstatement (significant non-compliance).

Quality management requirements and professional ethics

We apply the provisions of the National Standard on Quality Control 1 in the wording of the International Standard on Quality Management (PL) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the International Auditing and Assurance Standards Board and adopted by the resolution of the Board of the Polish Audit Oversight Agency. This standard requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted by resolution of the National Council of Statutory Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Inherent limitations

Non-financial information, such as that included in the Compliance Report, due to the qualitative nature of the subject matter and the method of determining and gathering information, may be subject to more inherent limitations than financial information.



Summary of the work performed

The procedures planned and performed by us were aimed at obtaining reasonable assurance that the Compliance Report has been prepared, in all material respects, in accordance with the Applicable Criteria. The assurance procedures conducted by us included:

- interviews with KGHM's Enterprise Risk Management and Compliance Department employees responsible for preparing the Compliance Report;
- interviews with management and employees responsible for the Integrated Management System, Precious Metals Department, Sales Logistics Department, Precious Metals Warehouse, Security and Loss Prevention Department and Production Planning and Settlement Department;
- interviews with management and employees of the Headquarters responsible for Department of Metals and Enterprise Risk Management and Compliance Department;
- verification of the key corporate documents describing management processes and the risk management process relating to the responsible supply chain in order to assess conformance with the criteria described in Steps 1, 2, 3 of the Compliance Report;
- inspection of documentation for selected gold and silver purchase transactions for the year ended 31 December 2023 presented to us by KGHM's Management and assessment of their compliance with the Procedure for Investigating the Supply Chain of Gold and Silver at KGHM Polska Miedź S.A.;
- verification of gold and silver purchase transactions for the year ended 31 December 2023 contained in the documentation presented by the Management;
- inspection of whether the Activities relating to responsible sourcing of gold and silver as described in the Compliance Report were actually performed during the year ended 31 December 2023 by conducting test of details;
- assessment of the conformity of the information presented in the Compliance Report with the results obtained during the procedures conducted by us;
- assessment of the information included in the Compliance Report for its completeness and compliance with the LBMA guidelines.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed and evidence obtained, the Compliance Report has been prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of use

This report was prepared by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp.k. for KGHM's Management Board and is intended solely for the purpose described in the section "Description of the subject matter information and applicable criteria". It should not be used for any other purpose.



PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością s.k. does not accept any liability resulting from contractual and non-contractual relationships (including for negligence) with entities other than KGHM. The above does not relieve us of liability, where such release is excluded by law.

We permit this report to be published, together with the Compliance Report, on the KGHM's website. The KGHM's Management Board is responsible for publishing the Compliance Report on the KGHM's website and for the reliability of information on the KGHM's website. The scope of our work does not include an assessment of these matters. Accordingly, we are not responsible for any changes that may have been made to the information which is the subject of our assessment or for differences, if any, between the information covered by our report and the information provided on the KGHM's website.

Acting on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością s.k.:

Podpis jest prawidłowy

Dokument podpisany przez Krzysztof Szuldrzyński
Data: 2024.03.28 15:03:34 CET

Krzysztof Szuldrzyński,
Partner, Proxy
PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością s.k.

Warsaw, 28 March 2024