

Layers of possibilities



REALIZATION OF STRATEGY

of the KGHM Group to 2030 with
an outlook to 2040 in 2023

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Strategy of the KGHM Polska Miedź S.A. Group



Strategy of the KGHM Group to 2030 with an outlook to 2040

In 2023 the Company consistently advanced its mission and vision, based on the adopted development directions: Flexibility, Efficiency, Ecology, E-industry and Energy.

MISSION

To always have copper

VISION

To use our resources efficiently to become the leader in sustainable development

**#5E
DEVELOPMENT
DIRECTIONS**



**Elasticity
and flexibility**



Efficiency



**Ecology,
safety and
sustainability**











E-industry





Energy

Advancement of key strategic performance indicators in 2024

Strategic measure of success (strategic KPI)	Base year 2020	Goal 2030	2024
 Domestic copper production	approx. 560 kt of electrolytic copper	Approx. 600 thousand tonnes of electrolytic copper (including production based on a higher amount of purchased materials and copper from recycling).	588.7 kt
 International copper production	approx. 150 kt of payable copper	Higher production by the international assets of KGHM by extending their life-of-mine, developing assets in the mine projects portfolio held and increasing the resource base thanks to advancement of the International Exploration Strategy.	141 kt
 Silver production ¹⁾	approx. 1 320 tonnes of silver (top three)	Maintain the Company's position amongst the world's top-three producers of silver (approx. 1200 tonnes of silver annually).	1340.7 t Ag
 Recycling of scrap	Approx. 124 kt of copper scrap	Approx. 350 kt of copper scrap	159 kt (dry weight)
 Revenues from sales on external markets of selected Group companies	Base 2020 Base year=100% Revenues from sales on external markets in the base year 2020.	147% vs base year for the companies Zanam, Nitroerg, PeBeKa 163% vs base year for the company DMC	114% ²⁾ vs base year for the companies: ZANAM, NITROERG, PeBeKa 202% ³⁾ vs base year for DMC
 LTIFR	7.31	Aiming at 0 accidents	6.64
 TRIR	0.52	Aiming at 0 accidents	0.30
 Number of volunteer projects advanced	25	30	137 (incl. 38 voluntary actions in the KGHM Group)

Key action in individual areas of the Strategy in 2024 (1/3)

 <p>FLEXIBILITY</p>	<ul style="list-style-type: none"> Continuation – Modernisation work was carried out at the Legnica Copper Smelter and Refinery in the scope of electro-refining process. The maintenance shutdown at Głogów Copper Smelter and Refinery has been completed. The renovation and investment work comprised key core business equipment and a number of investment tasks that will increase the efficiency of the plant. Activities to extend the Company's value chain continued, including those related to the commissioning of design work for the construction of the Upcast II production line together with the Conform installation in Cedynia Wire Rod Plant, among others, to make the Company's product lineup more flexible. Exploration projects continued in Poland for copper deposit exploration and evaluation (Retków-Ścinawa, Głogów, Synklina Grodziecka, Radwanice, Kulów-Luboszyce) and other (Non-Copper) concessions for exploration and evaluation (Nowe Miasteczko hydrocarbon deposit and Mieroszyno potassium-magnesium salt deposit in the vicinity of Puck). Development projects in international assets continued, including the sinking of the exploration shaft as part of the Advanced Exploration phase of the Victoria project in Canada, which aims to specify the grade of the mineral resources. Sierra Gorda's mine operations continued to operate solely on the basis of electricity from RES. In February 2024, an unsecured, revolving credit agreement with Bank Gospodarstwa Krajowego in the amount of USD 450 million for a financing period of up to 60 months, with an option to extend it by a subsequent 24 months was concluded. On 26 June 2024, the Company issued C series bonds on the Catalyst market, a segment of debt instruments trading on the Warsaw Stock Exchange, with the total nominal value of PLN 1 billion and the bond redemption date of 26 June 2031. In September 2024, Sierra Gorda SCM Joint Venture concluded revolving credit facility agreement with a syndicate of banks in the amount of USD 500 million for the period of 36-month, with an option to extend it by a subsequent 24 months. The purpose of the financing secured by corporate guarantees of KGHM Polska Miedź S.A. and South32, was refinancing debt and other general corporate purposes.
 <p>EFFICIENCY</p>	<ul style="list-style-type: none"> The Deposit Access Programme was continued - 43.1 km of tunnelling were excavated in the Rudna and Polkowice-Sieroszowice mines. All of the work carried out under the Mine Projects Group enables the successive opening of new mining areas. The development of the Żelazny Most Tailings Storage Facility was continued, in particular of the Southern Quarter and the Tailings Segregation and Compacting Station. R&D activities were carried out, aimed at seeking innovative solutions mainly for the Core Production Business of the Company. The KGHM Invention Exchange was held (12-29 November 2024). – Work was carried out in the scope of measures reducing the level of water hazards – the project to construct the anti-filtration barrier was continued in order to limit the inflow of mine water to mining areas of the Polkowice-Sieroszowice mine and to increase the capacity to pump-out the mine water. Use of external sources to finance R&D projects continued. In 2024, the Company received, among others, a grant in the amount of PLN 1.5 million under the EU programmes EIT KIC Raw Materials and Horizon Europe for the implementation of 6 R&D projects, and a grant of PLN 14 million under the programme "Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices" from the National Fund for Environmental Protection and Water Management.

Key action in individual areas of the Strategy in 2024 (2/3)



ECOLOGY, SAFETY AND SUSTAINABLE DEVELOPMENT

- A balance of Scope 1, 2 and 3 greenhouse gas emissions for 2023 for the KGHM Group was performed.
- Annual reports on CO₂ emission for 2023 have been prepared to meet the needs of the system for the trading of greenhouse gas emissions allowances. Applications were submitted for the allocation of emission allowances under the system for the trading of greenhouse gas emissions allowances.
- Work on the Transformation Plan for KGHM Polska Miedź S.A. for climate change mitigation continued.
- Actions were continued related to managing water and reducing the salt content of water discharged to the Odra river, aimed at increasing care for the environment.
- Work has started on the BREF reference document for metal mining (MIN BREF) as part of the Seville process, in accordance with the Industrial Emissions Directive.
- The preparation of EPD environmental declarations in accordance with EN 15804+A2 for wire rod and wire has begun.
- The analysis has been launched with a view to developing a feasibility study for the capture and storage of carbon dioxide (CO₂).
- Głogów Copper Smelter and Refinery and Legnica Copper Smelter and Refinery have once again been awarded the Copper Mark certificate confirming that copper production is efficient and compliant with the highest standards.
- The audit and external supervision resulted in gaining a positive recommendation on maintaining a certified Integrated Management System including, among others, ISO 14001 (Environmental Management System).
- Implementation of the Occupational Health and Safety Improvement Programme continued. The Company was recognised for its efforts to promote occupational health and safety by, among others, Safe Work Leaders Forum of the Central Institute for Labour Protection in Warsaw.



E-INDUSTRY

- The Projects aimed at automation of production lines of the Company's Mining Divisions continued, including the implementation of initiatives related to testing of battery-powered electric mining machines, as well as the testing of the electric rock crusher and the preparation of a prototype of bolting rig with an automated bolting turret to begin functional testing.
- The system for locating and identifying machinery and people in the underground mines was integrated and extended.
- Tests of the new flotation technology - Reflux Flotation Cell in the Concentrator Divisions continued, which is expected to enable improved process hydrodynamics and production parameters in the scope of recovery and concentrate quality.
- Functional testing of a specialised robot capable of high-temperature operation in the Głogów II Copper Smelter and Refinery continued and internal consultations related to the possibility of building similar robots in the Głogów I Copper Smelter and Refinery have commenced.
- Activities in the scope of digital transformation and ICT security continued, a dedicated cyber security team was established.

Key action in individual areas of the Strategy in 2024 (3/3)



ENERGY

- Projects were developed to increase electricity generation from own sources, including renewable energy sources such as photovoltaic (PV) farms and wind farms (WF):

RES projects on own land:

- Implementation stage: for the Głogów Copper Smelter and Refinery I-III Photovoltaic Power Plant (7.5 MW), the public procurement process is in progress for the selection of the General Contractor and the Oversight Inspector for each of the designed PV installations.
- Preparatory stage: for the PV projects “Piaskownia Obora” (max. of 50 MW), PV “Wartowice I” (88 MW) and PV “Kalinówka” (2 MW), grid connection consent was obtained with the originally assumed capacities. Positive environmental decisions have been obtained for the PV “Tarnówek”, PV “Kalinówka” and PV “Polkowice” projects (approx. 10 MW in total). For the PV “Kalinówka” project, the process of obtaining a building permit decision has started. The decision on construction conditions has been obtained for the PV “HM Cedynia” project (1.5 MW). With regard to the PV “Kopalnia Lubin Zachodni” project (5 MW), the Rural Municipality of Lubin proceeded to develop an amendment to the local spatial development plan for the Szklary Górne cadastral area. For the PV “Wartowice I” project, preparations are in progress for a spatial and programme concept. The “Radwanice-Żukowice” WF project (20 MW) located partly on the Company's own land near the Głogów Copper Smelter and Refinery is under consideration. A concept for power output to the Głogów Copper Smelter and Refinery was prepared for the wind project.
- Work continued on making use of the potential of own land for RES projects.

Acquisition RES projects:

- On 29 February 2024, shares in three special purpose companies with photovoltaic farm projects with the total capacity of 42 MW were acquired, consequently, taking into account previous project purchases, the Company owns 8 photovoltaic farms with the total capacity of 47 MW located in the Lower Silesia, Łódź, Pomerania and Greater Poland Voivodeships.
- Monitoring of the commercialisation progress of small modular nuclear reactor (SMR) technology continued, a pre-feasibility study on the construction of a nuclear power plant using SMR technology for the Company was completed and analysis of conclusions is in progress.



Sustainable development – commitments and initiatives of KGHM Polska Miedź S.A.

Cooperation with local government units of the Copper Basin, where KGHM Polska Miedź S.A. operates

PLN 28 mn

Total amount of funds granted

14

Cooperation agreements concluded with local authorities from the Copper Basin

50

Initiatives in the area of health promotion, healthy lifestyle, and social activities

In December 2024, KGHM provided financial support to 14 local governments in the Copper Basin as part of its comprehensive CSR program and socially responsible business initiatives aimed at benefiting local residents.

Municipalities, as part of the agreement, allocate funds for initiatives promoting health, a healthy lifestyle, and community-oriented activities.

Local Government Units undertake actions, including those aimed at protecting the life and health of current and future generations, as well as the development and integration of the local community in the areas of culture, science, and sports.



Pro-family action and CSR

400

KGHM employees joined the CUdowni Rodzice (Wonderful Parents) of KGHM program



44

Editions of subsidised programs under the KGHM Academy



1 800

books available in the collection of the KGHM Book Club

KLUB CZYTELNIKA
KGHM



Benefits of these campaigns:

2 000. Wonderful Parent of KGHM

Over 2 700 beneficiaries of preventive programs (students, teachers and parents)

7 Family areas of KGHM

as well as thousands of visitors during events organized for the benefit of the local community.

Actions by KGHM's employee volunteers

WOLONTARIAT



1 010

employee volunteers took part
in actions



137

actions involving volunteers

nearly 4 900

hours dedicated to advancing volunteer
projects

Actions by KGHM's employee volunteers

WOLONTARIAT



actions involving :



50 education and science volunteer actions



40 health and safety volunteer actions



18 environmental volunteer actions



16 sport and recreation volunteer actions



4 culture & traditions volunteer actions

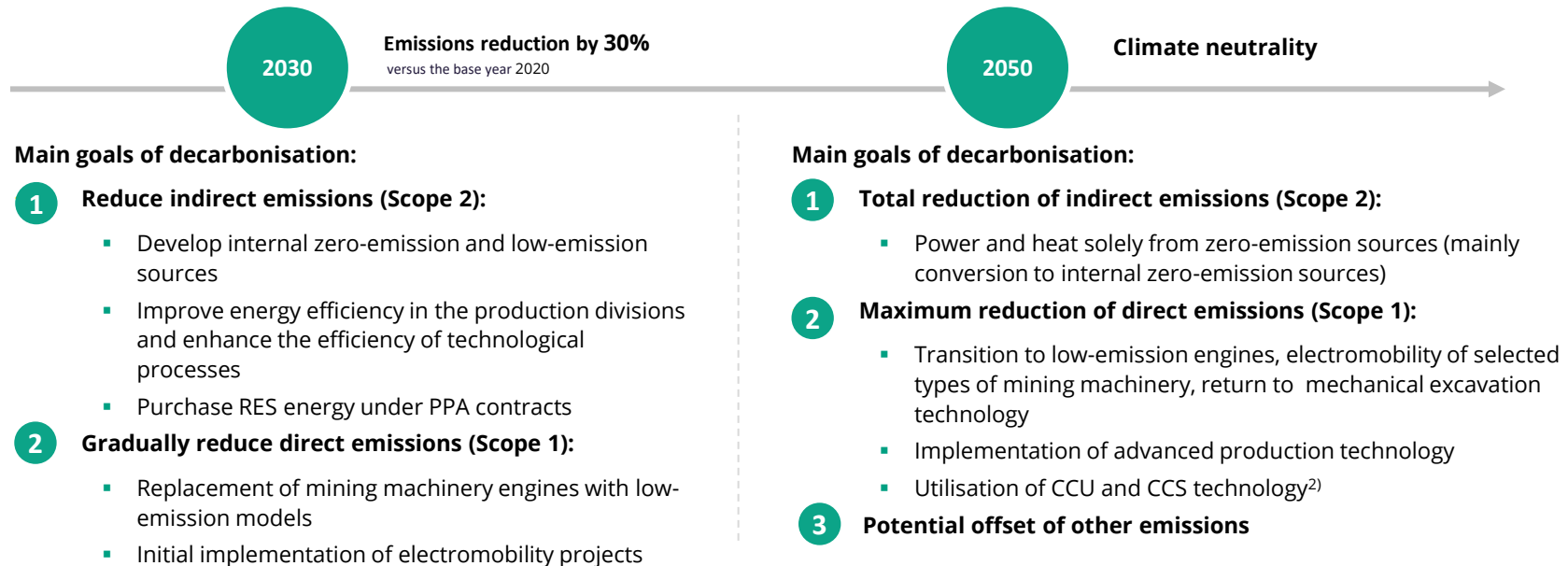


9 other volunteer actions



Climate neutrality by 2050

- Achieving climate neutrality by 2050 is the overriding goal of the Climate Policy of KGHM Polska Miedź S.A. Intermediate goal – the reduction of total Scope 1 and Scope 2 emissions by 2030 by 30%¹⁾

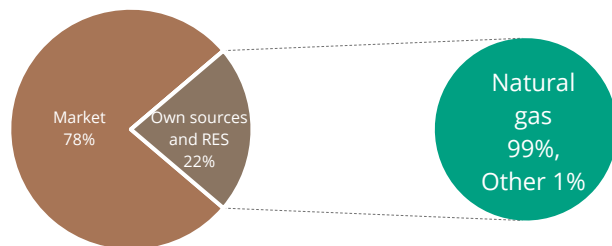


Details regarding **capital expenditures** on actions to restrict greenhouse gas emissions will be included and announced as part of the **Decarbonisation Program** of the KGHM Group

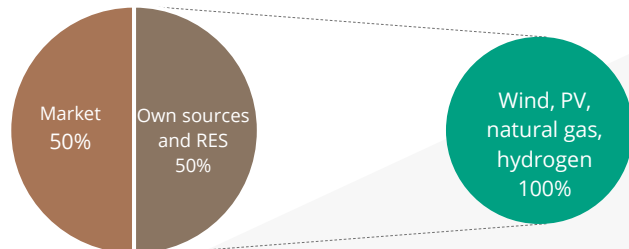
By 2030 the increase in share of RES will lead to a substantial reduction in CO₂ emissions

Share of power source in supplies to KGHM Polska Miedź S.A.

2020 – base year (2.9 TWh):



2030 - goal:

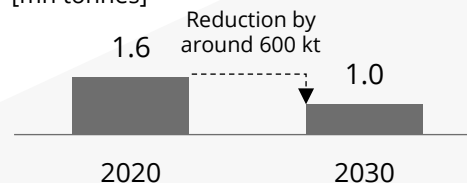


2024:

Own generation sources, including RES, covered 28% of KGHM Polska Miedź S.A.'s total power needs.

Estimated CO₂ emissions due to electricity consumption

[mn tonnes]



Implementation of the „Development of Energy generation, incl. RES” Program alongside changes in the national energy system structure will enable the avoidance of approx. 600 kt of CO₂ annually



100% of electricity generated **by RES** in the **Sierra Gorda mine** since January 2023

Energy Development Program, including RES | major events in 2024

Ensuring energy security in KGHM

- The Natural Gas-Steam (CCGT) blocks of the Head Office ensured energy security for the Core Production Business as regards the supply of power to the Polkowice-Sieroszowice and Rudna mines as well as to the Głogów Copper Smelter and Refinery. Maintaining the operation and/or availability of the CCGT blocks serves to reduce the impact on KGHM in the case of a blackout of the National Energy System and ensures the supply of cogenerated heat for the production needs of the metallurgical plants as well as heat in the form of hot water for KGHM's facilities and for customers in the communities of Polkowice, Głogów and Lubin.
- KGHM Polska Miedź S.A. as a corporate whole is protected against the potential introduction of restrictions in the supply and off-take of Electricity.

Development of energy storage warehouses

- Identification of how to utilise electricity storage warehouses and preliminary location for the first battery energy storage system, integrated with a photovoltaic power plant, to be operated by one of the KGHM's subsidiaries, not having the status of Operator of the Distribution System. The advancement of energy storage warehouse increases a positive technological and financial impact.
- Identification of the possibility of acquiring external funding for investments related to energy storage facilities, available for KGHM's subsidiaries that do not hold the status of Operator of the Distribution System.

M&A

- On 29 February 2024, shares in three special purpose companies with photovoltaic farm projects with the total capacity of 42 MW were acquired, consequently, taking into account previous project purchases, the Company owns 8 photovoltaic farms with the total capacity of 47 MW located in the Lower Silesia, Łódź, Pomerania and Greater Poland Voivodeships.
- The Company actively participates in acquisition processes, in particular as regards wind energy.

Development of solar energy

- The process of preparing a tender to select a General Contractor and Oversight Inspector is underway for the PV power plant project at the Głogów Copper Smelter and Refinery terrain, with a total capacity of **7.5 MW**.
- Technical connection conditions received from Tauron Dystrybucja S.A. for a PV project with capacity of **88 MW** on own terrain (Warta Bolesławiecka municipality), for the PV "Piaskownia Obora" **50 MW** project, as well as for the PV „Kalinówka” **2 MW** project, were received.
- Advanced work on four other sites with total capacity of **approx. 8.5 MW** (connection conditions stage) continued.
- Positive environmental decisions were received for three PV projects with a capacity of **17 MW**, and a decision was received regarding building conditions for a **1.5 MW** PV project.

Development of wind energy

- The implementation of a wind project located partially on the Company's own land, near the Głogów Copper Smelter and Refinery, is being considered. A concept for power transmission to the Głogów Copper Smelter and Refinery has been developed.
- Further preparatory work is underway to exploit the potential of own land for wind farm projects.

Development of nuclear energy

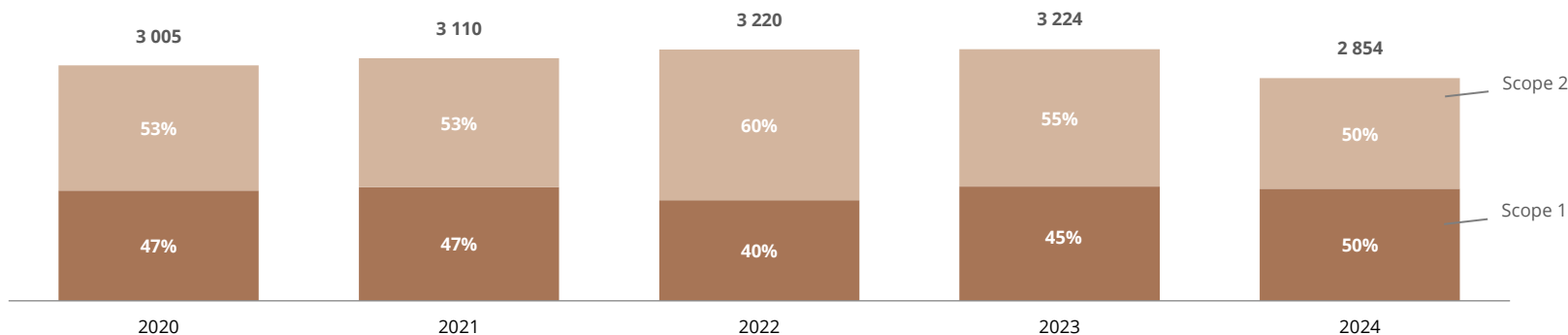
- The Company is reviewing the possibilities of utilising SMR nuclear technology in order to satisfy the needs of KGHM Polska Miedź S.A. for electrical power.

CO₂ carbon capture and storage

- Conceptual work continued on constructing a CCS installation for the Metallurgical production line at the Głogów Copper Smelter and Refinery, including development of a feasibility study for the demonstration installation. Further work is planned, aimed at acquiring external financing for the investment.

Greenhouse gas emissions (Scope 1 and Scope 2) of KGHM Polska Miedź S.A.

Greenhouse gas emissions in the producing assets of KGHM Polska Miedź S.A. in the years 2020-2024 (thousand tonnes of CO₂e) pursuant to the location-based method



In 2024 Scope 1 and 2 greenhouse gas emissions of KGHM Polska Miedź S.A. amounted in total to 2 854 thousand tonnes of CO₂e (tonnes equivalent of carbon dioxide) of which nearly 50% were Scope 1 (i.e. arising from sources owned or controlled by KGHM, such as emissions from combustion in Company boilers, furnaces and vehicles), while 50% of emissions were Scope 2 (arising from the use of purchased or acquired electricity, technological steam, heat or cooling consumed by KGHM).

In comparison to 2023, Scope 1 emissions decreased by 1.8%, mainly due to lower emissions from the Głogów Copper Smelter and Refinery, while Scope 2 emissions decreased by 19.5% (pursuant to the location-based method) and by 6% (pursuant to the market-based method) which results from reduced electricity consumption combined with a lower emission indicator for electricity.

Total Scope 1 and 2 emissions in 2024 decreased by 5.0% (pursuant to the location-based method) and increased by 5.4% (pursuant to the market-based method) compared to the base year, while compared to 2023 decreased by 11.5% (pursuant to the location-based method) and by 4.1% (pursuant to the market-based method).

Scope 3 emissions were calculated in 2024 and amounted in total to 1 255 thousand tonnes of CO₂e (tonnes equivalent of carbon dioxide).

Employee safety as a strategic priority for the KGHM Group



Safety and development

■ ISO 45001:2018

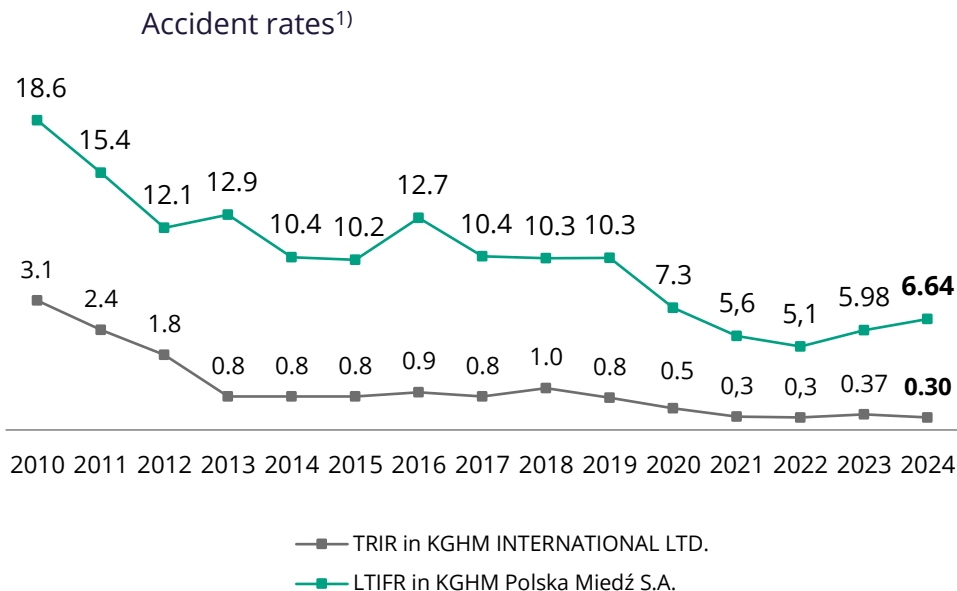
We hold an Occupational Health and Safety Management System Certificate and continually enhance our activities.

■ Leader's Gold Card of Workplace Safety

KGHM Polska Miedź S.A. in the years 2020, 2021 and 2022 recorded a decrease in the number of workplace accidents by a further 28.8%, 22.5%, 9.7% respectively (y/y). In 2024, the Company was again awarded the Leader's Gold Card of Workplace Safety for its OHS achievements.

■ Accident rates

In 2024 the Company recorded an increase in the number of workplace accidents from 177 to 196 (+19). 97,4% of these were classified as light injuries. In 2024, compared to 2023, the Company recorded twice as many collective accidents (8 vs 4). The number of individuals injured in collective accidents was higher by 12 and amounted to 27. Compared to 2020, the number of work-related accidents in the Company decreased by 9.2%.



1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the International Council on Mining & Metals standard, in total for the employees of KGHM INTERNATIONAL LTD., KGHM Chile SpA and Sierra Gorda S.C.M. and sub-contractors for these entities, per 200 000 worked hours

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