

**Report on the remuneration  
of the Management Board and Supervisory Board  
of KGHM Polska Miedź S.A.  
for 2021**

*Resolution No. 39/X/22 of the Supervisory Board of KGHM Polska Miedź S.A.  
dated 25 April 2022*

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## I. Definitions

The capitalised abbreviations used in this Report have the following meanings:

- 1) **Report** – the report on the remuneration of the Management Board and Supervisory Board of KGHM Polska Miedź S.A. prepared in compliance with art. 90g of the Act;
- 2) **Remuneration Policy/Policy** – remuneration policy adopted by the Company by resolution no. 23/2020 of the General Meeting dated 19 June 2020;
- 3) **KGHM or Company** – KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 4) **KGHM Group** – KGHM Polska Miedź S.A. Group;
- 5) **Act** – the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies;
- 6) **Act on the principles of setting remuneration** – act dated 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies;
- 7) **Member of the Management Board** – member of the Management Board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 8) **Management Board** – Management Board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 9) **Member of the Supervisory Board** – member of the Supervisory Board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 10) **Supervisory Board** – Supervisory Board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 11) **Statutes** – statutes of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 12) **General Meeting** – ordinary or extraordinary general meeting of KGHM Polska Miedź S.A. with its registered head office in Lubin.

## II. Introduction

The obligation to prepare the following report arises from art. 90g of the Act introduced on 30 November 2019 based on the act dated 16 October 2019 *on amending the act on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies as well as certain other acts* (Journal of laws, item 2217).

The following document is a report on the remuneration of Members of the Management Board and Supervisory Board of KGHM Polska Miedź S.A., presenting a comprehensive review of remuneration, including all of the benefits, regardless of their form, received by individual Members of the Management Board and Members of the Supervisory Board, or to which individual Members of the Management Board and Supervisory Board are entitled for the financial year ended 31 December 2021, pursuant to the Remuneration Policy.

All monetary amounts in the Report are presented in full Polish zlotys.

### Events having an impact on the shaping of the remuneration of Members of the Management Board and Supervisory Board in 2021

Acting on the basis of art. 90d of the Act, on 19 June 2020, the General Meeting adopted a Remuneration Policy which defines the remuneration of Members of the Management Board and Supervisory Board.

The means of remunerating the Members of the Supervisory Board and of the Management Board set forth in the Remuneration Policy reflect the principles set forth in the Act on the principles of setting remuneration.

In accordance with § 20 sec. 2 point 9) of the Statutes of KGHM, setting the remuneration as well as other terms of contracts for the provision of management services of members of the Management Board remains within the mandate of the Supervisory Board, which enters into management services contracts with the Members of the Management Board based on the principles set forth in the Remuneration Policy. The template for the management services contract is set by a resolution of the Supervisory Board separately for the President of the Management Board and for the Vice Presidents of the Management Board.

**Members of the Management Board serving the function as at 31 December 2021**

	<b>Position</b>	<b>Period of serving the function</b>	<b>The basis of change to the composition of the Management Board</b>
Marcin Chludziński	President of the Management Board	01.01-31.12	On 15 April 2021 dismissal of the President of the Management Board of the Company for the 10th term in connection with the qualification proceedings for the President of the Management Board of the Company for the next term and appointment to the Management Board for the 11th term as of 16 April 2021
Dariusz Świdorski	Vice President of the Management Board (Production)	15.05-31.12	Appointment by the Supervisory Board for the 11th term in connection with the qualification proceedings for the Vice President of the Management Board (Production) for the 11 <sup>th</sup> term
Andrzej Kensbok	Vice President of the Management Board (Finance)	16.04-31.12	Appointment by the Supervisory Board for the 11th term in connection with the qualification proceedings for the Vice President of the Management Board (Finance) for the 11 <sup>th</sup> term
Adam Bugajczuk	Vice President of the Management Board (Development)	01.01-31.12	On 15 April 2021, dismissal in connection with the qualification proceedings for the Vice President (Development) of the 11th term and appointment to the Management Board for the 11th term as of 16 April 2021
Paweł Gruza	Vice President of the Management Board (International Assets)	01.01-31.12	On 15 April 2021, dismissal in connection with the qualification proceedings for the Vice President (International Assets) of the 11th term and appointment to the Management Board for the 11th term as of 16 April 2021
Marek Pietrzak	Vice President of the Management Board (Corporate Affairs)	26.10-31.12	Appointment by the Supervisory Board for the 11th term in connection with the qualification proceedings for the Vice President of the Management Board (Corporate Affairs) for the 11 <sup>th</sup> term

**Members of the Management Board serving the function as at 1 January 2021 and not serving the function as at 31 December 2021**

Radosław Stach	Vice President of the Management Board (Production)	01.01-15.04	Dismissal
Katarzyna Kreczmańska - Gigol	Vice President of the Management Board (Finance)	01.01-15.04	Dismissal

<i>Members of the Supervisory Board serving the function as at 31 December 2021</i>	<i>Period of serving the function</i>	<i>The basis of change to the composition of the Supervisory Board</i>
Andrzej Kisielewicz – Chairman until 16 August 2021	01.01-31.12	-
Bogusław Szarek – elected by the employees	01.01-31.12	-
Jarosław Janas	01.01-31.12	-
Agnieszka Winnik - Kalemba – Chairwoman from 16 August 2021	01.01-31.12	-
Przemysław Darowski - elected by the employees	01.01-31.12	-
Józef Czyczerski - elected by the employees	01.01-31.12	-
Bartosz Piechota	01.01-31.12	-
Robert Kaleta	06.07-31.12	Appointment to the Supervisory Board
Katarzyna Krupa	06.07-31.12	Appointment to the Supervisory Board
<i>Members of the Supervisory Board serving the function as at 1 January 2021 and not serving the function as at 31 December 2021</i>		
Katarzyna Lewandowska	01.01-20.04	Resignation from membership in the Supervisory Board
Marek Pietrzak	01.01-25.10	Resignation from membership in the Supervisory Board

### III. Remuneration of Members of the Management Board

Detailed data on the total amount of remuneration of Members of the Management Board for 2021, broken down into the components referred to in art. 90d sec. 3 point 1 of the Act.

Remuneration of the Management Board's Members in 2021			Remuneration			Employment termination compensation and other compensations – non-competition clause remuneration disbursed to former Management Board members	Non-monetary benefits **	Total remuneration and non-monetary benefits	Share of fixed remuneration in total value of remuneration and benefits	Share of variable remuneration in total value of remuneration and benefits	Share of the employment termination compensation and non-monetary benefits in total value of remuneration and benefits
First, last name	Position	Period of serving the function	Fixed remuneration	Variable remuneration*	Total remuneration						
Marcin Chludziński	President of the Management Board	01.01 - 31.12	1 017 977	966 188	<b>1 984 165</b>	-	235 871	<b>2 220 036</b>	45.9%	43.5%	10.6%
Adam Bugajczuk	Vice President of the Management Board (Development)	01.01 - 31.12	950 112	901 775	<b>1 851 887</b>	-	33 791	<b>1 885 678</b>	50.4%	47.8%	1.8%
Paweł Gruza	Vice President of the Management Board (International Assets)	01.01 - 31.12	950 112	901 775	<b>1 851 887</b>	-	29 339	<b>1 881 226</b>	50.5%	47.9%	1.6%
Katarzyna Kreczmańska-Gigol	Vice President of the Management Board (Finance)	01.01 - 15.04	277 116	901 775	<b>1 178 891</b>	475 056	14 568	<b>1 668 515</b>	16.6%	54.0%	29.3%
Radosław Stach	Vice President of the Management Board (Production)	01.01 - 15.04	277 116	901 775	<b>1 178 891</b>	40 908	10 590	<b>1 230 389</b>	22.5%	73.3%	4.2%
Kensbok Andrzej	Vice President of the Management Board (Finance)	16.04 - 31.12	672 996	-	<b>672 996</b>	-	25 067	<b>698 063</b>	96.4%	-	3.6%
Świderski Dariusz	Vice President of the Management Board (Production)	15.05 - 31.12	599 099	-	<b>599 099</b>	-	3 778	<b>602 877</b>	99.4%	-	0.6%
Pietrzak Marek	Vice President of the Management Board (Corporate Affairs)	26.10 - 31.12	174 187	-	<b>174 187</b>	-	2 500	<b>176 687</b>	98.6%	-	1.4%
<b>TOTAL</b>			<b>4 918 715</b>	<b>4 573 288</b>	<b>9 492 003</b>	<b>515 964</b>	<b>355 504</b>	<b>10 363 471</b>	<b>47.5%</b>	<b>44.1%</b>	<b>8.4%</b>

\* Variable remuneration disbursed in 2021, related to the achievement of management goals for 2020

\*\* Data include subsidised trainings, coverage of room and board cost, coverage of cost of miner's uniform, life insurance

#### **IV. Variable remuneration of Members of the Management Board**

##### **1. Remuneration of Members of the Management Board and achievement of the Company's long-term goals**

Variable remuneration of the members of the Management Board depends on the level of achievement of the management goals defined separately for each financial year by the Supervisory Board. The management goals and the criteria to achieve these goals in terms of the financial and non-financial results representing the basis for setting the variable remuneration are defined by the Supervisory Board in such a way as to ensure their consistency with the short- and long-term strategic goals of KGHM and of the KGHM Group, under the strategic directions of development:

- the Strategy of KGHM and of the KGHM Group consists of four strategic directions of development: flexibility, efficiency, ecology and e-industry,
- the indicated strategic directions of development are reflected in individual strategic areas which comprise individualised main goals: production, development, innovation, organisational efficiency, sustainable development and safety as well as financial stability,
- each of these main goals is composed of operational goals aimed at achieving the main goal, and each of the six strategic areas is correlated with four selected development directions, thereby creating an initiatives matrix.

Moreover, the adopted criteria:

- have a positive effect on the commitment of the Members of the Management Board in fulfilling their functions in the Company,
- motivate the Members of the Management Board to advance the Company's business strategy and interests,
- lead to an appropriate assessment of risk by the Members of the Management Board.

## 2. Information on how the criteria for assessing the achievement of results in terms of variable remuneration of the Members of the Management Board were applied

In the execution of contracts for the provision of management services by Members of the Management Board of KGHM Polska Miedź S.A. for the benefit of KGHM Polska Miedź S.A., the Supervisory Board set management goals for the Members of the Management Board for 2021, their weight and their manner of settlement in scorecards, on fulfilment of which the payment of variable remuneration is dependent.

### Scorecard of the President of the Management Board for 2021

#### The Management Goals prerequisite to gaining the right to receive variable part of remuneration for the Company's financial year:

- the setting and application of remuneration principles of members of management boards and of the supervisory boards in line with the Act of 9 June 2016 on the on the principles of setting the remuneration of individuals managing certain companies,
- fulfilment of the obligations set forth in art. 17 – 20, art. 22 and art. 23 of the Act of 16 December 2016 on the principles of state assets management.

#### Other management goals:

Indicator	Weight	Target	Payout Range	Calculation formula of values to the bonus system
<b>Adjusted EBITDA of KGHM and KGIMI</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points to score 105
<b>Electrolytic copper production volume from own concentrate</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points 105
<b>C1 cost of KGHM SA</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - higher costs by over 5% = 0 points - higher costs by up to 5% = 100 - 1 pt for each 1% exceeded - cost reduction up to 5% = 100 + 1 pt for each 1% of reduction - cost reduction above 5% = 105 points
<b>Strategic targets</b>				
Increasing the efficiency of the subsidiaries of the KGHM Group	20%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	
Climate Policy of KGHM SA	20%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	Points for target execution: - execution < 90% = 0 pt - execution from 91 % to 99% = 50 pt - execution 100% and higher = 100 pt
Review and update of the strategy in the context of changes in the macroeconomic and legislative environment	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	

Nominal variable remuneration indicator (Vr) =100%

Achieved indicator Vr = total points for certain KPI x weight of certain KPI /100 x nominal indicator Vr where the achieved bonus indicator ≤Vr



## Scorecard of the Vice President of the Management Board (Finance) for 2021

### The Management Goals prerequisite to gaining the right to receive variable part of remuneration for the Company's financial year:

- the setting and application of remuneration principles of members of the management boards and of the supervisory boards in line with the Act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies,
- fulfilment of the obligations set forth in art. 17 – 20, art. 22 and art. 23 of the Act of 16 December 2016 on the principles of state assets management.

### Other management goals:

Indicator	Weight	Target	Payout Range	Calculation formula of values to the bonus system
<b>Adjusted EBITDA of KGHM and KGHMI</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points to score 105
<b>Electrolytic copper production volume from own concentrate</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points 105
<b>C1 cost of KGHM SA</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - higher costs by over 5% = 0 points - higher costs by up to 5% = 100 - 1 pt for each 1% exceeded - cost reduction up to 5% = 100 + 1 pt for each 1% of reduction - cost reduction above 5% = 105 points
<b>Net debt / EBITDA ratio for KGHM Group</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - above target value = 0 points - from 1.8 to 1.99 = 100 points - below 1.8 = 105 points
<b>Strategic targets</b>				
Ensuring long-term financial stability	20%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	Points for target execution: - execution < 90% = 0 pt - execution from 91 % to 99% = 50 pt - execution 100% and higher = 100 pt
Implementation of an Integrated Finance Management System in the Head Office, Divisions and selected Companies of the Group	20%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	

Nominal variable remuneration indicator (Vr)=100%

Achieved indicator Vr = total points for certain KPI x weight of certain KPI /100 × nominal indicator Vr where the achieved bonus indicator ≤VR

**Scorecard of the Vice President of the Management Board (Development) for 2021**
**The Management Goals prerequisite to gaining the right to receive variable part of remuneration for the Company's financial year:**

- a) the setting and application of remuneration principles of members of the management boards and of the supervisory boards in line with the Act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies,
- b) fulfilment of the obligations set forth in art. 17 – 20, art. 22 and art. 23 of the Act of 16 December 2016 on the principles of state assets management.

**Other management goals:**

Indicator	Weight	Target	Payout Range	Calculation formula of values to the bonus system
<b>Adjusted EBITDA of KGHM and KGHMI</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points to score 105
<b>Electrolytic copper production volume from own concentrate</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points 105
<b>C1 cost of KGHM SA</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - higher costs by over 5% = 0 points - higher costs by up to 5% = 100 - 1 pt for each 1% exceeded - cost reduction up to 5% = 100 + 1 pt for each 1% of reduction - cost reduction above 5% = 105 points
<b>Strategic targets</b>				
Preparation and implementation of the Research Agenda	10%	settlement based on the substantive scope and schedule adopted in the Company's Strategy		
Development of the Core Production Line	10%	settlement based on the substantive scope and schedule adopted in the Company's Strategy		Points for target execution: - execution < 90% = 0 pt - execution from 91 % to 99% = 50 pt - execution 100% and higher = 100 pt
Increasing the effectiveness of the KGHM Group through innovative activities	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy		
Optimisation of procurement processes in the KGHM Group	20%	settlement based on the substantive scope and schedule adopted in the Company's Strategy		

Nominal variable remuneration indicator (Vr)=100%

Achieved indicator Vr = total points for certain KPI x weight of certain KPI /100 × nominal indicator Vr where the achieved bonus indicator ≤Vr

### Scorecard of the Vice President of the Management Board (Production) for 2021

#### The Management Goals prerequisite to gaining the right to receive variable part of remuneration for the Company's financial year:

- the setting and application of remuneration principles of members of the management boards and of the supervisory boards in line with the Act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies,
- fulfilment of the obligations set forth in art. 17 – 20, art. 22 and art. 23 of the Act of 16 December 2016 on the principles of state assets management.

#### Other management goals:

Indicator	Weight	Target	Payout Range	Calculation formula of values to the bonus system
<b>Adjusted EBITDA of KGHM and KGHMI</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points to score 105
<b>Electrolytic copper production volume from own concentrate</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points 105
<b>C1 cost of KGHM SA</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - higher costs by over 5% = 0 points - higher costs by up to 5% = 100 - 1 pt for each 1% exceeded - cost reduction up to 5% = 100 + 1 pt for each 1% of reduction - cost reduction above 5% = 105 points
<b>LTIFR - the number of accidents per 1 million hours worked in KGHM Polska Miedź S.A.</b>	15%	compliant with adopted budget	100% - 0%	Points for target execution: - target value and below = 100 - above target value = 0
<b>Strategic targets</b>				
Implementation of systemic management of external services	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	
Implementation of actions to maintain mining production at the level of 440 thousand Cu in the ore.	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	Points for target execution: - execution < 90% = 0 pt - execution from 91 % to 99% = 50 pt - execution 100% and higher = 100 pt
Expansion of the Core Production Line	10%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	

Nominal variable remuneration indicator (Vr)=100%

Achieved indicator Vr = total points for certain KPI x weight of certain KPI /100 × nominal indicator Vr where the achieved bonus indicator ≤Vr

## Scorecard of the Vice President of the Management Board (International Assets) for 2021

The Management Goals prerequisite to gaining the right to receive variable part of remuneration for the Company's financial year:

- the setting and application of remuneration principles of members of the management boards and of the supervisory boards in line with the Act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies,
- fulfilment of the obligations set forth in art. 17 – 20, art. 22 and art. 23 of the Act of 16 December 2016 on the principles of state assets management.

### Other management goals:

Indicator	Weight	Target	Payout Range	Calculation formula of values to the bonus system
<b>Adjusted EBITDA of KGHM and KGHMI</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points to score 105
<b>Electrolytic copper production volume from own concentrate</b>	15%	compliant with adopted budget	95% - 105%	Points for target execution: - execution <95% = 0 points - execution up to 100% = 95 + 1 pt for 1% - execution 100% = 100 points - execution >100% = 100 + 1 pt for 1% - maximum points 105
<b>C1 cost of KGHM SA</b>	15%	compliant with adopted budget	105% - 95%	Points for target execution: - higher costs by over 5% = 0 points - higher costs by up to 5% = 100 - 1 pt for each 1% exceeded - cost reduction up to 5% = 100 + 1 pt for each 1% of reduction - cost reduction above 5% = 105 points
<b>Strategic targets</b>				
Realisation of the planned ore processing by Sierra Gorda	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	95% - 100%	Points for target execution: - execution < 95% = 0 pt - execution from 96 % to 99% = 50 pt - execution 100% and higher = 100 pt
Implementation of copper production plans by foreign assets	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	95% - 100%	
Sierra Gorda financing	10%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	Points for target execution: - execution < 90% = 0 pt - execution from 91 % to 99% = 50 pt - execution 100% and higher = 100 pt
Preparation of a Long-Term Plan for Ensuring an Optimal Portfolio of Purchased Metal-bearing materials ensuring the level of production assumed in the Strategy of KGHM SA.	15%	settlement based on the substantive scope and schedule adopted in the Company's Strategy	90% - 100%	

Nominal variable remuneration indicator (Vr)=100%

Achieved indicator Vr = total points for certain KPI x weight of certain KPI /100 × nominal indicator Vr where the achieved bonus indicator ≤Vr

### 3. Information on potentially due remuneration of Members of the Management Board for 2021

If 100% of the management goals set for Members of the Management Board for 2021 are achieved, potentially due remuneration will amount to:

Members of the Management Board	Position	Potentially due variable remuneration for 2021 based on management services contract
Marcin Chludziński	President of the Management Board	1 017 977
Andrzej Kensbok	Vice President of the Management Board (Finance) - from 16.04.2021	672 996
Dariusz Świdorski	Vice President of the Management Board (Production) – from 15.05.2021	599 098
Adam Bugajczuk	Vice President of the Management Board (Development)	950 112
Paweł Gruza	Vice President of the Management Board (International Assets)	950 112
Katarzyna Kreczmańska-Gigol	Vice President of the Management Board (Finance) until 15.04.2021	277 116
Radosław Stach	Vice President of the Management Board (Production) – until 15.04.2021	277 116
<b>TOTAL</b>		<b>4 744 527</b>

## V. Remuneration of Members of the Supervisory Board

Detailed data on the total amount of remuneration of Members of the Supervisory Board broken down into the components referred to in art. 90d sec. 3 point 1 of the Act, as well as the mutual proportions between these components of the remuneration.

First, last name	Period of serving the function	Remuneration and benefits for serving the function in the Supervisory Board			Remuneration and employment benefits			Total remuneration and benefits for serving in the function and remuneration and employment benefits	Share of total remuneration and benefits related to serving in the function in total value of remuneration and benefits
		Remuneration for serving the function	Benefits related to serving the function*	Total remuneration and benefits for serving in the function	Remuneration resulting from the employment contract	Employment benefits	Total remuneration and employment benefits		
Robert Kaleta	06.07.2021- 31.12.2021	66 041	-	<b>66 041</b>	-	-	-	<b>66 041</b>	100.0%
Józef Czyczerski	01.01.2021 - 31.12.2021	135 730	232	<b>135 962</b>	172 311	14 165	186 476	<b>322 438</b>	42.2%
Przemysław Darowski	01.01.2021 - 31.12.2021	135 730	118	<b>135 848</b>	-	-	-	<b>135 848</b>	100.0%
Jarosław Janas	01.01.2021 - 31.12.2021	135 730	-	<b>135 730</b>	-	-	-	<b>135 730</b>	100.0%
Andrzej Kisielewicz	01.01.2021 - 31.12.2021	144 232	184	<b>144 416</b>	-	-	-	<b>144 416</b>	100.0%
Katarzyna Lewandowska	01.01.2021- 20.04.2021	41 473	31	<b>41 504</b>	-	-	-	<b>41 504</b>	100.0%
Krupa Katarzyna	06.07.2021- 31.12.2021	66 041	-	<b>66 041</b>	-	-	-	<b>66 041</b>	100.0%
Bartosz Piechota	01.01.2021 - 31.12.2021	135 730	229	<b>135 959</b>	-	-	-	<b>135 959</b>	100.0%
Marek Pietrzak	01.01.2021- 25.10.2021	110 919	109	<b>111 028</b>	-	-	-	<b>111 028</b>	100.0%
Bogusław Szarek	01.01.2021 - 31.12.2021	135 730	59	<b>135 789</b>	245 303	20 000	265 303	<b>401 092</b>	33.9%
Agnieszka Winnik-Kalemba	01.01.2021 - 31.12.2021	140 838	855	<b>141 693</b>	-	-	-	<b>141 693</b>	100.0%
<b>TOTAL</b>		<b>1 248 194</b>	<b>1 817</b>	<b>1 250 011</b>	<b>417 614</b>	<b>34 165</b>	<b>451 779</b>	<b>1 701 790</b>	<b>73.5%</b>

\* subsidising of telecommunications services, reimbursement of travel expenses

The remuneration policy does not provide for variable remuneration, bonuses or other monetary benefits for the Members of the Supervisory Board for serving in the function on the Supervisory Board of KGHM Polska Miedź S.A.

## VI. Compliance of the total remuneration of Members of the Management Board and Supervisory Board with the adopted Remuneration Policy

Components	Description of components of total remuneration of Members of the Management Board and relevant clauses of the Remuneration Policy for Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A.
Fixed Remuneration	<b>Chapter V of Remuneration Policy - point 1 (subpoints 1,2 and 3) and point 2 (subpoints 1 and 2)</b>
	<p><b>1. General information</b></p> <p>1) The detailed principles which shape the remuneration of the Members of the Management Board are defined by the Supervisory Board in compliance with the Remuneration Policy.</p> <p>2) The Supervisory Board defines the detailed principles of remuneration of the Members of the Management Board by creating templates for the contracts entered into by the Company with the Members of the Management Board.</p> <p>3) The total remuneration of a Member of the Management Board is composed of a fixed part, comprised of monthly basic remuneration (Fixed Remuneration) and a variable part, comprised of supplementary remuneration for the Company's financial year (Variable Remuneration).</p> <p><b>2. Fixed components of the remuneration of Members of the Management Board</b></p> <p>1) The Fixed Monthly Remuneration for individual members of the Company's Management Board is within a range of seven- to fifteen times the assessment basis, as described in art. 1 sec. 3 point 11 of the Act on the principles of setting remuneration.</p> <p>2) The Supervisory Board sets the amount of the Fixed Remuneration within the range set forth in point 1) above.</p>
Variable Remuneration	<b>Chapter V of Remuneration Policy - point 1 (subpoints 1,2,3 and 4) and point 3 (subpoints 1,2 and 3)</b>
	<p><b>1. General information</b></p> <p>1) The detailed principles which shape the remuneration of the Members of the Management Board are defined by the Supervisory Board in compliance with the Remuneration Policy.</p> <p>2) The Supervisory Board defines the detailed principles of remuneration of the Members of the Management Board by creating templates for the contracts entered into by the Company with the Members of the Management Board.</p> <p>3) The total remuneration of a Member of the Management Board is composed of a fixed part, comprised of monthly basic remuneration (Fixed Remuneration) and a variable part, comprised of supplementary remuneration for the Company's financial year (Variable Remuneration).</p> <p>4) Variable Remuneration may not exceed 100% of the Fixed Remuneration due for the prior financial year.</p> <p><b>3. Variable components of the remuneration of Members of the Management Board</b></p> <p>1) Variable Remuneration depends on the level of achievement of the management goals set for each of the Company's financial years.</p> <p>2) In particular, the following may serve as management goals:</p> <ul style="list-style-type: none"> <li>a) an increase in the Company's value;</li> <li>b) achievement of the tasks and initiatives described in the Company's Strategy;</li> <li>c) optimisation of the Company's operating costs;</li> <li>d) achievement of the EBITDA level set forth in the Budget for a given financial year;</li> <li>e) maintaining the ratios referred to in borrowing agreements (Net debt/EBITDA ratio),</li> <li>f) improvement of economic-financial ratios other than those indicated in letters d-e;</li> <li>g) an increase in profit for the period or EBITDA, or a positive change in the indicator growth rate of one of these results;</li> <li>h) achievement of or change in the volume of production or sales;</li> <li>i) achievement of or change in specified ratios, in particular profitability, financial liquidity, management efficiency or solvency;</li> <li>j) improvement in occupational health and safety;</li> <li>k) reduced environmental impact.</li> </ul> <p>3) The management goals prerequisite to gaining the right to receive Variable Remuneration are as follows:</p> <ul style="list-style-type: none"> <li>a) the shaping and application of the principles of remuneration of members of the management and supervisory bodies of subsidiaries in a manner which is consistent with the principles set forth in the Act on the principles of setting remuneration;</li> <li>b) execution of the obligations referred to in art. 17-20, art. 22 and art. 23 with due regard to art. 18a and art. 23a of the Act of 16 December 2016 on the principles of state assets management.</li> </ul>
	<b>Chapter V of Remuneration Policy - point 7 (subpoints 3 and 6)</b>

Other monetary and non-monetary benefits	Room and board	<p><b>7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.</b></p> <p>3) The Company incurs or refinances costs associated with the fulfilment by a Member of the Management Board of their function and with the performance of the management services contract to the extent required to properly perform this function and fulfil the contract.</p> <p>6) A Member of the Management Board may also utilise other benefits, in particular such as those provided by the Company for Company management staff in relevant Company internal regulations or in resolutions of the Company's bodies – with the proviso that the Supervisory Board sets the principles for the granting or utilisation of such benefits by a Member of the Management Board by way of resolutions.</p>
		<b>Chapter V of Remuneration Policy - point 7 (subpoint 4)</b>
	Subsidised training	<p><b>7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.</b></p> <p>4) The Company incurs or refinances costs of individual training for a Member of the Management Board associated with the performance of the management services contract between the Member of the Management Board and the Company and the resulting obligations of the Member of the Management Board after prior consent in each instance of the Chairperson of the Supervisory Board.</p>
		<b>Chapter V of Remuneration Policy - point 7 (subpoint 5)</b>
	Costs of civil insurance	<p><b>7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.</b></p> <p>5) The Company, during the life of the management services contract between the Member of the Management Board and the Company, incurs the costs of civil insurance for those persons serving in management functions in the Company.</p>
		<b>Chapter V of Remuneration Policy - point 7 (subpoint 6)</b>
	Life insurance	<p><b>7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.</b></p>
	Miner's Uniform subsidising	<p>6) A Member of the Management Board may also utilise other benefits, in particular such as those provided by the Company for Company management staff in relevant Company internal regulations or in resolutions of the Company's bodies – with the proviso that the Supervisory Board sets the principles for the granting or utilisation of such benefits by a Member of the Management Board by way of resolutions.</p>
		<b>Chapter V of Remuneration Policy - point 7 (subpoint 7)</b>
	Employee Pension Program (EPP)	<p><b>7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.</b></p> <p>7) The Members of the Management Board may participate in the Employee Pension Program (EPP) under the terms of the Collective Agreement entered into in Lubin on 27 June 2005 between KGHM Polska Miedź S.A. and Employee Representation involving the Employee Pension Program. The EPP is conducted in the form of employee contributions to an investment fund. The amount of the basic contribution financed by KGHM is 7% of remuneration. If a Member of the Management Board joins the EPP, the amount of Fixed Remuneration of such a Member of the Management Board is set together with the amount of the basic contribution to the EPP. The Member of the Management Board may also request that the Company deduct and transfer the amount of the additional contribution from his/her Fixed Remuneration.</p>
		<b>Chapter V of Remuneration Policy - point 8 (subpoint 8)</b>
	Employment termination compensation	<p><b>8. Information on contracts entered into with Members of the Management Board</b></p> <p>8) In case of the termination with or without notice by the Company of the Contract due to causes other than those specified in point 3) above, the Member of the Management Board may be granted compensation, in an amount not higher than 3 (three)-times the Fixed Remuneration, contingent upon the member having served in the function on the Management Board for a period of at least 12 (twelve) months prior to the termination of the Contract.</p>
		<b>Chapter V of Remuneration Policy - point 8 (subpoint 10)</b>
	Compensation - non-competition clause	<p><b>8. Information on contracts entered into with Members of the Management Board</b></p> <p>10) The Supervisory Board may enter into a non-competition contract with a Member of the Management Board which would come into force upon termination of service, with the proviso that it may only be entered into if the Member of the Management Board serves in the function on the Management Board for a period of at least 6 (six) months.</p>



Components	Description of components of total remuneration of Members of the Supervisory Board and relevant clauses of the Remuneration Policy for the Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A.
Remuneration for serving the function	<p style="text-align: center;"><b>Chapter IV of Remuneration Policy - point 1 and point 2</b></p> <p>1. In accordance with § 29 sec. 1 point 14) of the Statutes, the principles of remuneration of the Members of the Supervisory Board are set by the General Meeting.            The monthly remuneration of members of the Supervisory Board is hereby set as a multiple of the assessment basis as set forth in art. 1 sec. 3 point 11 of Act on the principles of setting remuneration, as well as the following multiples:            1) for the Chairperson of the Supervisory Board – 2.2;            2) for other Members of the Supervisory Board – 2.0.</p>
Benefits for serving the function	<p style="text-align: center;"><b>Chapter IV of Remuneration Policy - point 8</b></p> <p>8. In accordance with art. 392 § 3 of the Commercial Partnerships and Companies Code, the Members of the Supervisory Board are refunded the costs related to their work on the Supervisory Board.</p>

## VII. Information on changes in the remuneration of Members of the Management Board and Supervisory Board resulting from changes in the Company's results, and the average remuneration of the Company's employees who were not members of the Management Board or Supervisory Board in the period 2016-2021

Variable remuneration of Members of the Management Board, based on the implementation of the Management Goals described in part IV, is closely related to the adjusted EBITDA for the Company and the adjusted EBITDA for the Group, due to the fact that the Management Board assesses the results of the Company and the Group using, among others, these indicators.

Pursuant to ESMA Guidelines on Alternative Performance Measures, adjusted EBITDA indicator is an Alternative Performance Measure. The adjusted EBITDA indicator is not defined under IFRS, and therefore this measure should not be treated as an alternative to measures defined under IFRS, such as profit/(loss) for the period, profit on operating activities, net cash generated from operating activities, liquidity or other IFRS measures. Moreover, adjusted EBITDA does not have a uniform and set definition. The manner in which this indicator is calculated by other companies may differ significantly from those applied by the Company. Consequently, adjusted EBITDA for KGHM and EBITDA for the KGHM Group may not be comparable with similar indicators calculated by other companies. Therefore, those indicators should be treated as supplementary information, expanding on the presentation of the results and other data of the Company and the KGHM Group.

Adjusted EBITDA for the Company and the Group presented in the Report are consistent with the adjusted EBITDA for the Company and the Group which are presented in the Financial Statements of the Company and in the Consolidated Financial Statements of the Group.

Breakdown by year of changes in annual remuneration of Members of the Management Board, Supervisory Board, the Company's performance and average remuneration of employees of the Company who were not members of the Management Board or Supervisory Board in the period from 2016 to 2021.

Parameter	2016	2017	Increase/ decrease 2017 to 2016	2018	Increase/ decrease 2018 to 2017*	2019	Increase/ decrease 2019 to 2018**	2020	Increase/ decrease 2020 to 2019***	2021	Increase/ decrease 2021 to 2020****	Increase/ decrease 2021 to 2016
<b>Remuneration and benefits of Members of the Management Board</b>												
<b>Total remuneration and benefits of Management Board Members</b>	<b>14 269 729</b>	<b>10 976 419</b>	<b>-23.1%</b>	<b>5 256 416</b>	<b>-52.1%</b>	<b>5 473 768</b>	<b>4.1%</b>	<b>8 707 659</b>	<b>59.1%</b>	<b>10 363 471</b>	<b>19.0%</b>	<b>-27.4%</b>
Marcin Chłudziński	-	-	-	-	-	1 219 086	-	1 807 621	48.3%	2 220 036	22.8%	-
Adam Bugajczuk	-	-	-	-	-	1 020 089	-	1 680 910	64.8%	1 885 678	12.2%	-
Paweł Gruza	-	-	-	-	-	983 642	-	1 845 557	87.6%	1 881 226	1.9%	-
Katarzyna Kreczmańska-Gigol	-	-	-	-	-	1 133 131	-	1 692 959	49.4%	1 668 515	-1.4%	-
Radosław Stach	-	-	-	-	-	1 105 971	-	1 680 612	52.0%	1 230 389	-26.8%	-
Andrzej Kensbok	-	-	-	-	-	-	-	-	-	698 063	100.0%	-
Dariusz Świdorski	-	-	-	-	-	-	-	-	-	602 877	100.0%	-
Marek Pietrzak	-	-	-	-	-	-	-	-	-	176 687	100.0%	-
Stefan Świątkowski	-	-	-	-	-	5 924	-	-	-100.0%	-	-	-
Rafał Pawełczak	-	-	-	-	-	5 924	-	-	-100.0%	-	-	-
<b>Remuneration and benefits of Members of the Supervisory Board</b>												
<b>Total remuneration and benefits of Supervisory Board Members *****</b>	<b>1 662 083</b>	<b>1 839 883</b>	<b>10.7%</b>	<b>1 602 239</b>	<b>-12.9%</b>	<b>1 611 594</b>	<b>0.6%</b>	<b>1 508 804</b>	<b>-6.4%</b>	<b>1 701 790</b>	<b>12.8%</b>	<b>2.5%</b>
Agnieszka Winnik - Kalemba	-	-	-	-	-	122 190	-	129 264	5.8%	141 693	9.6%	-
Katarzyna Krupa	-	-	-	-	-	-	-	-	-	66 041	100.0%	-
Jarosław Janas	-	-	-	-	-	121 818	-	128 904	5.8%	135 730	5.3%	-
Józef Czczerski	-	-	-	-	-	295 591	-	272 570	-7.8%	322 438	18.3%	-
Przemysław Darowski	-	-	-	-	-	-	-	12 537	100.0%	135 848	983.6%	-
Robert Kaleta	-	-	-	-	-	-	-	-	-	66 041	100.0%	-
Andrzej Kisielewicz	-	-	-	-	-	133 989	-	141 826	5.8%	144 416	1.8%	-
Bartosz Piechota	-	-	-	-	-	122 167	-	129 073	5.7%	135 959	5.3%	-
Bogusław Szarek	-	-	-	-	-	345 354	-	360 064	4.3%	401 092	11.4%	-
Marek Pietrzak	-	-	-	-	-	121 818	-	128 947	5.9%	111 028	-13.9%	-
Ireneusz Pasis	-	-	-	-	-	121 831	-	76 268	-37.4%	-	-100.0%	-
Leszek Banaszak	-	-	-	-	-	121 931	-	60 614	-50.3%	-	-100.0%	-
Janusz Kowalski	-	-	-	-	-	104 905	-	-	-100.0%	-	-	-
Katarzyna Lewandowska	-	-	-	-	-	-	-	68 737	100.0%	41 504	-39.6%	-

\* no variable remuneration was disbursed for the year 2017;

\*\* variable remuneration was only disbursed to the 10th-term Management Board members for the period from July to December 2018;

\*\*\* in the year 2020 variable remuneration was disbursed for the year 2019 in the full amount to all Members of the Management Board;

\*\*\*\* in 2021 the Supervisory Board of the Company appointed members of the Management Board for the new 11th (eleventh) term. The full amount of variable remuneration for 2020 was disbursed to all Members of the Management Board of the 10th term;

\*\*\*\*\* Remuneration and benefits of Members of the Supervisory Board do not include remuneration from subsidiaries of the KGHM Polska Miedź S.A. Group.

Parameter	2016	2017	Increase/ decrease 2017 to 2016	2018	Increase/ decrease 2018 to 2017	2019	Increase/ decrease 2019 to 2018	2020	Increase/ decrease 2020 to 2019	2021	Increase/ decrease 2021 to 2020	Increase/ decrease 2021 to 2016
<b>Company Results</b>												
Revenues from sales (PLN mn)	15 112	16 024	6.0%	15 757	-1.7%	17 683	12.2%	19 326	9.3%	24 618	27.4%	62.9%
Profit/Loss for the period (PLN mn)	-4 085	1 323	132.4%	2 025	53.1%	1 264	-37.6%	1 779	40.7%	5 169	190.6%	-226.5%
Adjusted EBITDA for the Company (PLN mn)	3 551	4 160	17.2%	3 416	-17.9%	3 619	5.9%	4 458	23.2%	5 474	22.8%	54.2%
Adjusted EBITDA for the Group (PLN mn)	4 666	5 753	23.3%	4 972	-13.6%	5 229	5.2%	6 623	26.7%	10 327	55.9%	121.3%
C1 for KGHM Polska Miedź S.A. (USD/lb)	1.30	1.52	16.9%	1.85	21.7%	1.74	-5.9%	1.62	-6.9%	2.26	39.5%	73.8%
Production of electrolytic copper from own concentrate (kt)	375.9	358.9	-4.5%	385.3	7.4%	418.3	8.6%	413.3	-1.2%	381.4	-7.7%	1.5%
<b>Average remuneration in total</b>												
Average remuneration in total (PLN/month)	9 731	10 122	4.0%	10 672	5.4%	10 913	2.3%	11 630	6.6%	13 437	15.5%	38.1%
Average remuneration in total excluding Management Board and Supervisory Board (PLN/month)	9 683	10 097	4.3%	10 672	5.7%	10 912	2.2%	11 630	6.6%	13 437	15.5%	38.8%

The following table presents the number of members of the Management Board and Supervisory Board in individual years:

Year	Number of Management Board Members:
2016 (January - September)	5
2016 (September - December)	5 including an SB Member delegated to the MB
2017	5
2018 (January - March)	5
2018 (March - June)	3
2018 (June - August)	3
2018 (August - September)	4
2018 (September - December)	5
2019	5
2020	5
2021 (January - October)	5
2021 (November - December)	6

Year	Number of Supervisory Board Members:
2016	9
2017 (January - June)	9
2017 (June - December)	10
2018 (January - March)	10
2018 (April - June)	9
2018 (July - December)	10
2019 (January - November)	10
2019 (November - December)	9
2020 (January - June)	9
2020 (August - November)	8
2020 (November - December)	9
2021 (January - April)	9
2021 (May - June)	8
2021 (July - October)	10
2021 (November - December)	9

### **VIII. Amount of remuneration from entities within the same Group**

The contracts entered into with the Members of the Management Board to provide management services to KGHM Polska Miedź S.A. state that if a Member of the Management Board serves in a body of one of the Company's subsidiaries within the KGHM Polska Miedź S.A. Group, the said Member of the Management Board may not receive additional remuneration from serving in this function.

In 2021, the Members of the Management Board did not receive any remuneration from subsidiaries of the KGHM Polska Miedź S.A. Group.

In 2021, amongst the Members of the Supervisory Board, additional remuneration from companies of the KGHM Polska Miedź S.A. Group was only received by employee-elected Members of the Supervisory Board. This was remuneration due to their employment.

The remunerations received by Bogusław Szarek and Józef Czyczerski due to their employment in the Company were combined with remuneration due to their service on the Supervisory Board and are presented in part V of this Report.

The amount of remuneration received by Przemysław Darowski from entities of the KGHM Polska Miedź S.A. Group, in respect of whom additional remuneration was not received from the Company but from other entities of the KGHM Polska Miedź S.A. Group (from POL-MIEDŹ TRANS Sp. z o.o.), amounts to PLN 104 006.

### **IX. Number of financial instruments granted or offered to Members of the Management Board and Supervisory Board**

The Remuneration Policy does not provide for the possibility of granting Members of the Management Board or Supervisory Board financial instruments, and therefore in 2021 the Company did not grant any financial instruments to Members of the Management Board or Supervisory Board.

### **X. Information on utilisation of the possibility to demand a return of variable components of remuneration**

Pursuant to Chapter V, sec. 3, point 6 of the Remuneration Policy, the Company has the right to claims for a return of the variable remuneration if, subsequent to its payment, it is determined that it was paid to the Member of the Management Board based on data which turned out to be false.

In 2021, the Company did not make use of the possibility to demand the return of variable components of remuneration due to the lack of any indications to make such a demand.

### **XI. Information on refrainment from the procedure of implementation of the Remuneration Policy and on deviations applied pursuant to art. 90f of the Act**

Chapter XI of the Remuneration Policy states that the Company does not foresee the possibility of temporarily refraining from the application of the Remuneration Policy.

Since the date of adoption of the Remuneration Policy by the General Meeting, the Company has not refrained from application of the Remuneration Policy, nor from the procedure of implementation of the Remuneration Policy, nor taken any actions aimed at such refrainment.

### **XII. Monetary or non-monetary benefits granted to persons closely related to Members of the Management Board and Supervisory Board**

The remuneration of Members of the Management Board and Supervisory Board does not include monetary or non-monetary benefits for persons closely related to Members of the Management Board and Supervisory Board as defined in art. 90g sec. 5 of the Act.

### **XIII. Information on reflecting the Resolution of the General Meeting for the prior financial year**

The Ordinary General Meeting of KGHM Polska Miedź S.A. acting pursuant to art. 90g sec. 6 of the Act, by Resolution No. 24/2021 of 7 June 2021, positively evaluated the Report on the Remuneration of Members of the Management Board and Supervisory Board of KGHM Polska Miedź S.A. for the years 2019-2020.

### **XIV. Summation**

The Supervisory Board has prepared this Report pursuant to art. 90g of the Act. It is subject to audit by a certified auditor as regards its inclusion of information required by art. 90g sec. 1-5 and 8 of the Act.

The following General Meeting is obliged, pursuant to art. 90g sec. 6 in connection with art. 90g sec. 7 of the Act, to adopt a resolution with its opinion regarding this Report. The resolution of the General Meeting is of an advisory nature.

The Report is required to be published on the Company's corporate website and shall be available free of charge for a period of 10 years from the date of the General Meeting at which the resolution reviewing the Report was adopted.