

KGHM POLSKA MIEDŹ S.A.

SUPERVISORY BOARD

**Report on the Activities of the Supervisory Board
of KGHM Polska Miedź S.A. for financial year 2013,
reflecting the work of the Committees
of the Supervisory Board of KGHM Polska Miedź S.A.**

*/Approved by Resolution No.24/VIII/14 of the Supervisory Board of KGHM Polska Miedź S.A. dated 12
May 2014/*

May, 2014

*Translation from the original Polish version.
In the event of differences resulting from the translation, reference should be made to the official Polish version.*

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SUPERVISORY BOARD

I. Principles and procedures of operations of the Supervisory Board of KGHM Polska Miedź S.A.

The Supervisory Board of KGHM Polska Miedź S.A. is the permanent supervisory body of KGHM Polska Miedź S.A. in Lubin in all of the Company's functional areas. The Supervisory Board is comprised of 7 to 10 members, appointed by the General Meeting, including members elected by the Company's employees.

The members of the Supervisory Board are appointed for a mutual term of office, which lasts three years.

The Supervisory Board acts on the basis of prevailing law, the Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin and the Bylaws of the Supervisory Board of KGHM Polska Miedź S.A. with its registered head office in Lubin as well as the Code of Best Practice for Warsaw Stock Exchange Listed Companies.

In financial year 2013, the Supervisory Board continuously supervised the activities of the Company and realised its tasks based on the special privileges granted to the Supervisory Board of KGHM Polska Miedź S.A. by the Statutes of the Company under Chapter IVB, § 20, and in turn by the Bylaws of the Supervisory Board under Chapter III § 8.

The Supervisory Board performed its functions at meetings convened for this purpose, as well as through its members delegated to work in the Committees.

II. Information on the composition of the Supervisory Board of KGHM Polska Miedź S.A. and on Supervisory Board functions served.

The composition of the **8th-term** Supervisory Board from 1 January 2013 to 19 June 2013 was as follows:

first, last name	function	period when function served in 2013
Aleksandra Magaczewska	Chairman	01.01.2013 – 31.12.2013
Krzysztof Kaczmarczyk	Deputy Chairman	01.01.2013 – 31.12.2013
Dariusz Krawczyk	Secretary	01.01.2013 – 19.06.2013
Paweł Białek	Member	01.01.2013 – 19.06.2013
Krzysztof Opawski	Member	01.01.2013 – 27.11.2013
Ireneusz Piecuch	Member	01.01.2013 – 19.06.2013
Jacek Poświata	Member	01.01.2013 – 31.12.2013
<i>Members of the Supervisory Board elected by employees of the Company</i>		
Bogusław Szarek	Member	01.01.2013 – 31.12.2013

The Ordinary General Meeting on 19 June 2013 resolved the following:

- to dismiss 3 Members of the 8th-term Supervisory Board,
- and to appoint 3 Members to the 8th-term Supervisory Board.

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The composition of the **8th-term** Supervisory Board from 19 June 2013 to 27 November 2013 was as follows:

first, last name	function	period when function served in 2013
Aleksandra Magaczewska	Chairman	01.01.2013 – 31.12.2013
Krzysztof Kaczmarczyk	Deputy Chairman	01.01.2013 – 31.12.2013
Marek Panfil	Member	19.06.2013 - 02.09.2013
	Secretary	02.09.2013 - 31.12.2013
Andrzej Kidyba	Member	19.06.2013 – 31.12.2013
Krzysztof Opawski	Member	01.01.2013 – 27.11.2013
Jacek Poświata	Member	01.01.2013 – 31.12.2013
Iwona Zatorska-Pańtak	Member	19.06.2013 – 31.12.2013
<i>Members of the Supervisory Board elected by employees of the Company</i>		
Bogusław Szarek	Member	01.01.2013 – 31.12.2013

On 27 November 2013, the Management Board of KGHM Polska Miedź S.A. was informed of the death, and consequently expiry of the mandate, of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski.

The composition of the **8th-term** Supervisory Board from 27 November 2013 to 31 December 2013 was as follows:

first, last name	function	period when function served in 2013
Aleksandra Magaczewska	Chairman	01.01.2013 – 31.12.2013
Krzysztof Kaczmarczyk	Deputy Chairman	01.01.2013 – 31.12.2013
Marek Panfil	Member	19.06.2013 - 02.09.2013
	Secretary	02.09.2013 - 31.12.2013
Andrzej Kidyba	Member	19.06.2013 – 31.12.2013
Jacek Poświata	Member	01.01.2013 – 31.12.2013
Iwona Zatorska-Pańtak	Member	19.06.2013 – 31.12.2013
<i>Members of the Supervisory Board elected by employees of the Company</i>		
Bogusław Szarek	Member	01.01.2013 – 31.12.2013

III. Activities of the Supervisory Board

The Supervisory Board carried out its duties at meetings convened by the Chairman of the Supervisory Board, during which the quorum necessary for taking decisions was present.

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The activities of the Supervisory Board in 2013 were documented in the minutes of the meetings and in resolutions adopted at the meetings and using a written circulation procedure.

In order to improve communication between the Management Board and Supervisory Board, the practice was continued of providing information to the Management Board, after each meeting, on all of the decisions taken by the Supervisory Board during the meeting.

The Supervisory Board monitored the current work of the Management Board and Company based on resolutions of the Management Board and on information regarding the financial results of KGHM Polska Miedź S.A. and KGHM International for individual months of 2013, submitted at each meeting of the Supervisory Board.

Based on agreements reached between the Supervisory Board and Management Board, at each meeting of the Supervisory Board the Management Board also submitted reports regarding the progress of work on reorganising the Group and a report on the degree of realisation of investments approved in the Company Budget for 2013, with particular regard to the report regarding monitoring of the schedule of realisation of the Sierra Gorda project.

At each meeting of the Supervisory Board supplementary information provided by the Management Board, related to the decisions announced in the letter to the Management Board, was also reviewed.

During the financial year the Supervisory Board, after reviewing the quarterly results of the Company and the recommendations of the Remuneration Committee, considered the request of the Management Board regarding payment of an advance on variable remuneration and performed a quarterly evaluation of the performance of the work of the Management Board. Based on this, the Supervisory Board adopted decisions on paying quarterly advances on variable remuneration for the Members of the Company's Management Board.

On a cyclical basis, i.e. every half year, the Supervisory Board reviewed the report of the Management Board on the realisation of donations, sponsoring, representation, marketing and advertising in KGHM Polska Miedź S.A. and in the Group, as well as the report on the realisation of consulting, advisory and analytical services performed by external entities on behalf of the Company and the KGHM Polska Miedź S.A. Group. It also reviewed the report on expenditures incurred on inventions, research work and related implementation.

The cyclical information submitted by the Management Board to the Supervisory Board of the Company also included the following: quarterly information regarding the level of, and mechanisms for hedging against, changes in metals prices and exchange rates, quarterly information regarding progress on the implementation of actions recommended following the audit of corporate governance in the Company and in Group companies as well as, from June 2013, information on the strategic review of the markets, in terms of the sectors and markets in which KGHM conducts operations.

In accordance with the agreements reached between the Supervisory Board and Management Board, the Supervisory Board was also informed, on a semi-annual basis, of the actual composition of the management boards of companies of the KGHM Group, and of the actual composition of Executive Directors in the Divisions.

The Management Board, at the request of the Supervisory Board, on a semi-annual basis provided information regarding significant court proceedings and arbitrations in progress in which companies of the KGHM Group and of KGHM International were involved.

During the reporting period the Supervisory Board of KGHM Polska Miedź S.A. held 8 documented meetings and adopted 99 resolutions, including 4 using a written circulation procedure.

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Attendance at the meetings was as follows:

1. 14 February 2013	– absent: Jacek Poświata
2. 27 March 2013	– absent: Ireneusz Piecuch
3. 8 May 2013	– absent: Krzysztof Opawski
4. 18 June 2013	– absent: Aleksandra Magaczewska and Krzysztof Opawski
5. 2 September 2013	– absent: Krzysztof Opawski
6. 30 September 2013	– absent: Krzysztof Opawski
7. 6 November 2013	– absent: Krzysztof Kaczmarczyk and Krzysztof Opawski
8. 16 December 2013	– all Board members present

All absences were confirmed as justified by the Supervisory Board.

IV. Information on the major issues discussed by the Supervisory Board of KGHM Polska Miedź S.A. in financial year 2013

1. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 14 February 2013 in Warsaw

The Supervisory Board, after reviewing the recommendations of the Audit Committee, positively reviewed the request of the Management Board regarding approval of the Company Budget for 2013.

The Supervisory Board positively reviewed the request of the Management Board regarding express approval for the acquisition by KGHM Polska Miedź S.A. of shares in the increased share capital of KGHM Kupfer AG.

After reviewing the recommendation of the Remuneration Committee, the Supervisory Board adopted a decision regarding the approval of additional annual remuneration for members of the Management Board of KGHM Polska Miedź S.A. for 2011.

The Supervisory Board reviewed information of the Management Board regarding:

- CAPEX for the Sierra Gorda project,
- selection of an auditor for KGHM Polska Miedź S.A.,
- management of operating risk in KGHM Polska Miedź S.A.
- impact of the introduction of the minerals extraction tax and also regarding the current status of the dispute regarding the tax on underground mines.

The Supervisory Board reviewed legal opinions confirming the authority of the Supervisory Board to order supplementary elections of members of the Supervisory Board elected by the employees of the Company, and in accordance with existing procedures, authorised one of the members of the Supervisory Board to open and chair, until it became constituted, the first meeting of the Electoral Committee of the Company for carrying out supplementary elections of members of the Supervisory Board of KGHM Polska Miedź S.A. elected by the employees of the Company.

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2. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 27 March 2013 in Warsaw

The Supervisory Board held a debate with the participation of the Auditor and the Management Board regarding the financial statements of the Company for 2012. Reflecting the recommendation of the Audit Committee, the Supervisory Board positively evaluated:

- the Financial Statements of KGHM Polska Miedź S.A. for financial year 2012,
- the Report on the Activities of KGHM Polska Miedź S.A. in financial year 2012,
- the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group for financial year 2012,
- the Report on the Activities of the KGHM Polska Miedź S.A. Group in financial year 2012.

The Supervisory Board also adopted the following decisions:

- to prolong the contract with the Auditor of the Company, PricewaterhouseCoopers;
- regarding confirmation of the validity of supplementary elections for members of the 8th-term Supervisory Board of KGHM Polska Miedź S.A. elected by the employees of the Company, held on 12-13 March 2013;
- regarding the signing of a contract with a Vice President of the Management Board of KGHM Polska Miedź S.A. for the use of a company car;
- regarding the purchase of property by the O/HM „Głogów” Division of KGHM Polska Miedź S.A. in Głogów

The Supervisory Board reviewed the following information from the Management Board:

- a summary of actions taken during the year since the acquisition of Quadra FNX,
- regarding the „Shale gas” project,
- regarding expected exchange rates and prices of selected commodities (copper, silver, gold, molybdenum) in the short term of 3-12 months and the longer perspective of 1-3 years.

3. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 8 May 2013 in Warsaw

Reflecting the positive recommendations of the Audit Committee, the Supervisory Board approved the reports of the Supervisory Board of KGHM Polska Miedź S.A. for 2012 for the Ordinary General Meeting:

- the Report on the evaluation of the report of the Management Board on the activities of KGHM Polska Miedź S.A. in financial year 2012 and the results of the evaluation of the financial statements of KGHM Polska Miedź S.A. for financial year 2012,
- the Report on the evaluation of the report of the Management Board on the activities of the KGHM Polska Miedź S.A. Group in financial year 2012 and the results of the evaluation of the consolidated financial statements of the KGHM Polska Miedź S.A. Group for financial year 2012,
- the brief assessment of the standing of KGHM Polska Miedź S.A. for financial year 2012,
- the annual report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. in financial year 2012, together with the reports on the activities of the Supervisory Board Committees: Audit, Remuneration and Strategy, in 2012.

The Supervisory Board reviewed the request of the Management Board regarding the appropriation of profit for financial year 2012 and provided an opinion on the request of the Management Board of KGHM Polska Miedź S.A. directed to the Ordinary General Meeting of KGHM Polska Miedź S.A., on setting a dividend date and dates for payment of the dividend for financial year 2012.

The Supervisory Board requested the Ordinary General Meeting to grant approval of the performance of duties of the Members of the Management Board of KGHM Polska Miedź S.A. in financial year 2012.

Addressing the request of the Management Board, the Supervisory Board approved the plan of expenditures on equity investments of the Company in 2013.

The Supervisory Board held a debate, with the participation of the Management Board and the President of the State Mining Authority regarding the workplace safety system in the Divisions of KGHM Polska Miedź S.A.

The Board reviewed the following information from the Management Board:

- regarding the schedule for commencing the PMP modernisation project at the Głogów Smelter, in the context of metallurgical development and inventories management.
- information regarding the effects of cooperating with external PR firms.

It also reviewed information from the Remuneration Committee regarding the progress of work on adopting measurement parameters for granting bonuses to the Management Board of KGHM Polska Miedź S.A. for 2013.

4. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 18 June 2013 in Lubin

Based on the recommendation of the Remuneration Committee, the Supervisory Board adopted measurement parameters for granting bonuses to the Management Board of KGHM Polska Miedź S.A. for 2013. The Board positively reviewed the request of the Management Board regarding the approval of changes in the duties of Members of the Management Board of KGHM Polska Miedź S.A. It also approved the Board's working plan for the second half of 2013. The Supervisory Board reviewed information from the Management Board, and a discussion was held with the Management Board regarding:

- the draft of the new Strategy of the Company submitted by the the Management Board;
- the risk management policy in KGHM Polska Miedź S.A.
- expected exchange rates and prices of selected commodities (copper, silver, gold, molybdenum) in the short term of 3-12 months and the longer perspective of 1-3 years.

5. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 2 September 2013 in Warsaw

Due to changes in the composition of the Supervisory Board made by the Extraordinary General Meeting, the Board selected a Secretary of the Supervisory Board of KGHM Polska Miedź S.A. After reviewing the recommendation of the Remuneration Committee and in execution of the employment contracts, the Supervisory Board set the amount of variable remuneration for members of the Management Board in 2012.

At the request of the President of the Management Board, the Supervisory Board carried out changes to the composition of the Management Board of the Company:

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- dismissed from the Management Board were Włodzimierz Kiciński, holding the function of I Vice President of the Management Board (Finance) as well as Adam Sawicki, holding the function of Vice President of the Management Board (Corporate Affairs). The Supervisory Board also accepted the resignation of Dorota Włoch from the position of Vice President of the Management Board (Development), handed to the President of the Management Board.
- appointed were Jarosław Romanowski to the position of I Vice President of the Management Board (Finance), Marcin Chmielewski to the position of Vice President of the Management Board (Corporate Affairs) and Jacek Kardela to the position of Vice President of the Management Board (Development).

The Supervisory Board held a meeting with the Auditor of the Company, during which were discussed the results of the review of the half-year financial statements of the Company.

At the request of the Management Board, the Supervisory Board made a decision regarding the management of property:

- the purchase of property in Kaźmierzów by the O/ZG „Polkowice-Sieroszowice” Division of KGHM Polska Miedź S.A.,
- the sale of property, located within the terrain of Rokitka, gmina Chojnów, by the O/HM „Legnica” Division of KGHM Polska Miedź S.A. in Legnica.

6. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 30 September 2013 in Warsaw

In accordance with the recommendation of the Remuneration Committee, the Supervisory Board made a decision to sign employment contracts with the newly-appointed Vice Presidents of the Management Board as well as contracts forbidding competitive activities both during and post-employment.

Addressing the request of the Management Board, the Supervisory Board:

- approved the adjusted Budget for 2013,
- expressed consent for members of the Management Board to sit on the supervisory boards of other entities,
- selected a member of the Supervisory Board of KGHM Polska Miedź S.A. to independently perform supervisory activities with respect to the exercise by KGHM Polska Miedź S.A. of its corporate rights in KGHM International Ltd.,
- expressed consent for the acquisition of shares in the increased share capital of KGHM LETIA S.A.
- expressed consent for the use of company cars by the members of the Management Board,

The Supervisory Board reviewed information from the Management Board regarding the principles of cascading remuneration in the Company.

The Chairmen of the Remuneration and Audit Committees familiarised the members of the Supervisory Board with the current status of work of these Committees.

7. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 6 November 2013 in Lubin

In accordance with the recommendation of the Remuneration Committee, the Supervisory Board adopted measurement parameters for granting bonuses to the newly-appointed members of the Management Board of the Company.

The Supervisory Board positively reviewed the request of the Management Board regarding the approval of changes in the allocation of duties amongst the members of the Management Board of KGHM Polska Miedź S.A.

The Supervisory Board reviewed the following information from the Management Board:

- assumptions to the Budget of the Company for 2014,
- information regarding workplace safety in the Divisions of the Company.

Due to speculations in the media regarding members of the Management Board of the Company, the Supervisory Board listened to the explanations of the Management Board in this regard and requested the Management Board to review existing principles on the hiring of employees, as well as the selection and nomination of members of the supervisory boards of companies in the KGHM Group.

The Chairmen of the Strategy and Remuneration Committees familiarised the members of the Supervisory Board with the current status of work of these Committees.

The Supervisory Board listened to members of the Supervisory Board discuss their visit to the construction site of the Sierra Gorda mine.

8. Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 16 December 2013 in Warsaw

The Supervisory Board reviewed the report of a member of the Supervisory Board of KGHM Polska Miedź S.A. from the meeting of the Board of Directors of KGHM International Ltd.

The Supervisory Board discussed the following information with the Management Board:

- securing CAPEX to 2015, reflecting all investment projects which must be realised at the separate and consolidated level,
- the Strategy of the KGHM Group, 2009 – 2018, with respect to the core business,
- regarding the agreement on assumptions for cooperation regarding exploration for, evaluation and extraction of deposits of potassium salts, phosphorus, rock salt and nonferrous metals.

At the request of the Management Board, the Supervisory Board expressed its consent to:

- the purchase of property, located within the terrain of Jerzmanowa, gmina Jerzmanowa, by the Tailings Division of KGHM Polska Miedź S.A. in Rudna,
- the purchase of property, located within the terrain of Szczyglice, gmina Głogów, by the Tailings Division of KGHM Polska Miedź S.A. in Rudna.

The schedule of work for the Supervisory Board was approved for the first half of 2014.

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V. Resolutions adopted by the Supervisory Board of KGHM Polska Miedź S.A. in financial year 2013.

RESOLUTION NO.	REGARDING	DATE ADOPTED
1/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Jacek Poświęta	14.02.2013
2/VIII/13	setting the amount of variable remuneration for President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth for 2011	14.02.2013
3/VIII/13	setting the amount of variable remuneration for 7th-term I Vice President of the Management Board of KGHM Polska Miedź S.A. Maciej Tybura for 2011	14.02.2013
4/VIII/13	setting the amount of variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Wojciech Kędzia for 2011	14.02.2013
5/VIII/13	approval of an advance on variable remuneration for President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth	14.02.2013
6/VIII/13	approval of an advance on variable remuneration for I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński	14.02.2013
7/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Wojciech Kędzia	14.02.2013
8/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Adam Sawicki	14.02.2013
9/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Dorota Włoch.	14.02.2013
10/VIII/13	expressal of consent to acquire shares in the increased share capital of KGHM Kupfer AG	14.02.2013
11/VIII/13	approval of the Budget for 2013	14.02.2013
12/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Ireneusz Piecuch	27.03.2013
13/VIII/13	evaluation of the Financial Statements of KGHM Polska Miedź S.A. for financial year 2012	27.03.2013
14/VIII/13	evaluation of the Report on the activities of KGHM Polska Miedź S.A. in financial year 2012	27.03.2013
15/VIII/13	evaluation of the Consolidated financial statements of the KGHM Polska Miedź S.A. Group for financial year 2012	27.03.2013
16/VIII/13	evaluation of the Report on the activities of the KGHM Polska Miedź S.A. Group in financial year 2012	27.03.2013
17/VIII/13	selection of an Auditor to review and audit the financial statements of KGHM Polska Miedź S.A.	27.03.2013
18/VIII/13	confirmation of the validity of supplementary elections for members of the 8th-term Supervisory Board of KGHM Polska Miedź S.A. elected by the employees of the Company, held on 12-13 March 2013	27.03.2013
19/VIII/13	signing of a contract with Vice President of the Management Board of KGHM Polska Miedź S.A. Adam Sawicki, granting him the use of a company car	27.03.2013
20/VIII/13	purchase of property by the Głogów Smelter Division of KGHM Polska Miedź S.A. in Głogów	27.03.2013
21/VIII/123	providing an opinion on the draft contract with the auditor selected for the review and audit of the financial statements of KGHM Polska Miedź S.A.	15.04.2013 <i>written circulation procedure</i>

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22/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski	08.05.2013
23/VIII/13	approval and submission to the Ordinary General Meeting of the Report on the evaluation of the report of the Management Board on the activities of KGHM Polska Miedź S.A. in financial year 2012 and the results of the evaluation of the financial statements of KGHM Polska Miedź S.A. for financial year 2012	08.05.2013
24/VIII/13	approval and submission to the Ordinary General Meeting of the Report on the evaluation of the report of the Management Board on the activities of the KGHM Polska Miedź S.A. Group in financial year 2012 and the results of the evaluation of the consolidated financial statements of the KGHM Polska Miedź S.A. Group for financial year 2012	08.05.2013
25/VIII/13	approval and submission to the Ordinary General Meeting of the brief assessment of the standing of KGHM Polska Miedź S.A. for financial year 2012	08.05.2013
26/VIII/13	approval of the annual report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. for financial year 2012	08.05.2013
27/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of the President of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
28/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of a member of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
29/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of a member of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
30/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of a member of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
31/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of a member of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
32/VIII/13	submission of a request to the Ordinary General Meeting to grant approval of the performance of duties of a member of the Management Board of KGHM Polska Miedź S.A. in financial year 2012	08.05.2013
33/VIII/13	approval of the equity investments expenditures plan of the Company for 2013	08.05.2013
34/VIII/13	providing an opinion on a request of the Management Board of KGHM Polska Miedź S.A. to be submitted to the General Meeting on adoption of a resolution regarding offsetting the impact of changes in applied accounting policy, affecting profit from prior years and the reserves arising from actuarial gains and losses	08.05.2013
35/VIII/13	signing of Appendix No. 1 to the contract with I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński granting him the free use of local housing	08.05.2013
36/VIII/13	signing of a contract with I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński, granting Włodzimierz Kiciński the use of a company car	08.05.2013
37/VIII/13	evaluation of the request of the Management Board of KGHM Polska Miedź S.A. regarding appropriation of profit for financial year 2012	08.05.2013
38/VIII/13	providing an opinion on a request of the Management Board of KGHM	08.05.2013

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	Polska Miedź S.A. to be submitted to the Ordinary General Meeting of KGHM Polska Miedź S.A. on setting the dividend date and dividend payment date for financial year 2012	
39/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Aleksandra Magaczewska	18.06.2013
40/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski	18.06.2013
41/VIII/13	confirmation of bonus measurement parameters for the Management Board of KGHM Polska Miedź S.A. for 2013	18.06.2013
42/VIII/13	assignment to President of the Management Board of KGHM Polska Miedź S.A., Herbert Wirth, of his scope of duties	18.06.2013
43/VIII/13	assignment to I Vice President of the Management Board (Finance) of KGHM Polska Miedź S.A., Włodzimierz Kiciński, of his scope of duties	18.06.2013
44/VIII/13	assignment to Vice President of the Management Board (Production) of KGHM Polska Miedź S.A., Wojciech Kędzia, of his scope of duties	18.06.2013
45/VIII/13	assignment to Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A., Adam Sawicki, of his scope of duties	18.06.2013
46/VIII/13	assignment to Vice President of the Management Board (Development) of KGHM Polska Miedź S.A., Dorota Włoch, of her scope of duties	18.06.2013
47/VIII/13	appointment of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. and setting of its composition	10.07.2013 <i>written circulation procedure</i>
48/VIII/13	appointment of the Strategy Committee of the Supervisory Board of KGHM Polska Miedź S.A. and setting of its composition	10.07.2013 <i>written circulation procedure</i>
49/VIII/13	appointment of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. and setting of its composition	10.07.2013 <i>written circulation procedure</i>
50/VIII/13	selection of the Secretary of the Supervisory Board of KGHM Polska Miedź S.A.	02.09.2013
51/VIII/13	setting the amount of variable remuneration for the President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth	02.09.2013
52/VIII/13	setting the amount of variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Wojciech Kędzia	02.09.2013
53/VIII/13	setting the amount of variable remuneration for I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński	02.09.2013
54/VIII/13	setting the amount of variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Adam Sawicki	02.09.2013
55/VIII/13	setting the amount of variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Dorota Włoch	02.09.2013
56/VIII/13	setting the amount of variable remuneration for Maciej Tybura.	02.09.2013
57/VIII/13	approval of an advance on variable remuneration for President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth – Q1 2013	02.09.2013
58/VIII/13	approval of an advance on variable remuneration for I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński – Q1 2013	02.09.2013
59/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Wojciech Kędzia – Q1	02.09.2013

Translation from the original Polish version. In the event of differences resulting from the translation, reference should be made to the official Polish version.

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	2013	
60/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Adam Sawicki – Q1 2013	02.09.2013
61/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Dorota Włoch – Q1 2013	02.09.2013
62/VIII/12	approval of an advance on variable remuneration for President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth – Q2 2013	02.09.2013
63/VIII/13	approval of an advance on variable remuneration for I Vice President of the Management Board of KGHM Polska Miedź S.A. Włodzimierz Kiciński – Q2 2013	02.09.2013
64/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Wojciech Kędzia – Q2 2013	02.09.2013
65/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Adam Sawicki – Q2 2013	02.09.2013
66/VIII/13	approval of an advance on variable remuneration for Vice President of the Management Board of KGHM Polska Miedź S.A. Dorota Włoch – Q2 2013	02.09.2013
67/VIII/13	dismissal of Włodzimierz Kiciński from the function of I Vice President of the Management Board of KGHM Polska Miedź S.A.	02.09.2013
68/VIII/13	dismissal of Adam Sawicki from the function of Vice President of the Management Board of KGHM Polska Miedź S.A.	02.09.2013
69/VIII/13	appointment of Jarosław Romanowski to serve in the function of I Vice President of the Management Board (Finance) of KGHM Polska Miedź S.A.	02.09.2013
70/VIII/13	appointment of Marcin Chmielewski to serve in the function of Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A.	02.09.2013
71/VIII/13	appointment of Jacek Kardela to serve in the function of Vice President of the Management Board (Development) of KGHM Polska Miedź S.A.	02.09.2013
72/VIII/13	the purchase of property by the O/ZG „Polkowice-Sieroszowice” Division of KGHM Polska Miedź S.A. in Kaźmierzów	02.09.2013
73/VIII/13	the sale of property, located at the edge of Rokitka, gmina Chojnów, by the O/HM „Legnica” Division of KGHM Polska Miedź S.A. in Legnica	02.09.2013
74/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski	30.09.2013
75/VIII/13	signing of an employment contract with I Vice President of the Management Board of KGHM Polska Miedź S.A. Jarosław Romanowski	30.09.2013
76/VIII/13	signing of an employment contract with Vice President of the Management Board of KGHM Polska Miedź S.A. Marcin Chmielewski	30.09.2013
77/VIII/13	signing of an employment contract with Vice President of the Management Board of KGHM Polska Miedź S.A. Jacek Kardela	30.09.2013
78/VIII/13	signing of a contract forbidding competitive activities both during and post-employment with I Vice President of the Management Board of KGHM Polska Miedź S.A. Jarosław Romanowski	30.09.2013
79/VIII/13	signing of a contract forbidding competitive activities both during and post-employment with Vice President of the Management Board of KGHM Polska Miedź S.A. Marcin Chmielewski	30.09.2013
80/VIII/13	signing of a contract forbidding competitive activities both during and post-employment with Vice President of the Management Board of KGHM Polska Miedź S.A. Jacek Kardela	30.09.2013

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81/VIII/13	selection of a member of the Supervisory Board of KGHM Polska Miedź S.A. to independently perform supervisory activities with respect to the exercise by KGHM Polska Miedź S.A. of its corporate rights in KGHM International Ltd. related to the presence of a representative of KGHM Polska Miedź S.A. on the Board of Directors of KGHM International Ltd.	30.09.2013
82/VIII/13	approval of the Adjusted Budget for 2013	30.09.2013
83/VIII/13	expressal of consent for the acquisition of shares in the increased share capital of KGHM LETIA S.A.	30.09.2013
84/VIII/13	expressal of consent for the performance by members of the Management Board of KGHM Polska Miedź S.A. of functions in the bodies of companies other than KGHM Polska Miedź S.A.	30.09.2013
85/VIII/13	expressal of consent for the holding of shares by Vice President of the Management Board of KGHM Polska Miedź S.A. Jarosław Romanowski in the share capital of the company Park Domaszczyn Sp z o.o.	30.09.2013
86/VIII/13	expressal of consent for the performance by Vice President of the Management Board of KGHM Polska Miedź S.A. Marcin Chmielewski of the function of Member of the Supervisory Board of the company ATM Grupa S.A.	30.09.2013
87/VIII/13	signing of a contract with I Vice President of the Management Board KGHM Polska Miedź S.A. Jarosław Romanowski, granting Jarosław Romanowski the use of a company car	30.09.2013
88/VIII/13	signing of a contract with Vice President of the Management Board of KGHM Polska Miedź S.A. Marcin Chmielewski, granting Marcin Chmielewski the use of a company car	30.09.2013
89/VIII/13	signing of a contract with Vice President of the Management Board of KGHM Polska Miedź S.A. Jacek Kardela, granting Jacek Kardela the use of a company car	30.09.2013
90/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski	06.11.2013
91/VIII/13	assignment to President of the Management Board of KGHM Polska Miedź S.A. Herbert Wirth of his scope of duties	06.11.2013
92/VIII/13	assignment to I Vice President of the Management Board (Finance) of KGHM Polska Miedź S.A. Jarosław Romanowski of his scope of duties	06.11.2013
93/VIII/13	assignment to Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A. Marcin Chmielewski of his scope of duties	06.11.2013
94/VIII/13	assignment to Vice President of the Management Board (Development) of KGHM Polska Miedź S.A. Jacek Kardela of his scope of duties	06.11.2013
95/VIII/13	confirmation of bonus measurement parameters for the Management Board of KGHM Polska Miedź S.A. for 2013	06.11.2013
96/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Kaczmarczyk	16.12.2013
97/VIII/13	justification of the absence of Member of the Supervisory Board of KGHM Polska Miedź S.A. Krzysztof Opawski	16.12.2013
98/VIII/13	the purchase of property, located at the edge of Jerzmanowa, gmina Jerzmanowa, by the Tailings Division of KGHM Polska Miedź S.A. in Rudna	16.12.2013
99/VIII/13	the purchase of property, located at the edge of Szczyglice, gmina Głogów, by the Tailings Division of KGHM Polska Miedź S.A. in Rudna	16.12.2013

VI. Committees of the Supervisory Board of KGHM Polska Miedź S.A.

Under the auspices of the Supervisory Board are the Audit Committee, the Remuneration Committee and the Strategy Committee.

These committees assist the Supervisory Board with respect to preparing evaluations, opinions and recommendations, and matters requiring the decision of the Supervisory Board.

All Supervisory Board members are entitled to participate in the meetings of individual committees. The rights, scope of activities and procedures of operation of these Committees are described by regulations approved by the Supervisory Board.

The Audit Committee is responsible for supervision in the areas of financial reporting, the internal control system, risk management and internal and external audits.

The Remuneration Committee is responsible for supervising the realisation of contracts signed with the Management Board, the remuneration system and benefits in the Company and Group, training and other benefits provided by the Company, as well as audits performed by the Supervisory Board in this regard.

The Strategy Committee supervises the realisation of Company strategy, the Company's annual and multi-year operating plans, supervising the coherence of these documents, and also provides its opinion to the Supervisory Board on the strategic projects presented by the Management Board of the Company and any changes thereto, as well as on the Company's annual and multi-year operating plans.

The reports on the activities of the above-mentioned Committees represent appendices to this report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. for financial year 2013.

VII. Conclusion

This report describes the main directions of the activities of the Supervisory Board in financial year 2013. All of the members of the Supervisory Board properly performed their duties on the Supervisory Board, applying their knowledge and experience in the operation and supervision of commercial law companies.

In submitting this report, the Supervisory Board requests that its members be acknowledged as having properly performed their duties in financial year 2013.

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Supervisory Board of KGHM Polska Miedź S.A.
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Report on the activities of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. in 2013

I. Functioning of the Audit Committee.

During the reporting period the Audit Committee acted on the basis of § 7 point 3 of the Regulations of the Supervisory Board, as well as the Regulations of the Audit Committee approved by resolution of the Supervisory Board, in which the duties of the Committee were set forth.

In accordance with the Regulations of the Supervisory Board, the tasks of the Auditing Committee are as follows:

- 1) supervision, on behalf of the Supervisory Board, of the process of financial reporting in the Company, including the process of reporting to the Supervisory Board,
- 2) analysis and/or evaluation of the accounting principles applied in the Company,
- 3) the review of transactions with parties related to the Company, and of unusual transactions,
- 4) the analysis and monitoring of post-control conclusions arising from the risk management process,
- 5) conduct of the process of selecting independent auditors to audit the financial statements of the Company in order to recommend their acceptance by the Supervisory Board, and participation in commercial negotiations prior to the Company signing a contract with an auditor,
- 6) continuous co-operation with the independent auditor of the Company during the audit, analysis and formulation of conclusions from the audit and opinion of the auditor respecting the financial statements, the auditor's letter to the Management Board and/or Supervisory Board, and the preparation of draft statements and evaluations required by the by-laws for Company bodies and other administrative institutions,
- 7) providing an opinion on the internal audit plan and the internal audit regulations of the Company, and of changes of the director of internal audit,
- 8) analysis of the conclusions reached and the recommendations made by an internal audit of the Company, with monitoring of the degree of implementation of these recommendations by the Management Board of the Company,
- 9) the monitoring of decrees and Company's regulations as regards accounting, finances and hedging against trade and financial risks, and exposure of the Company to serious harm.

The Members of the Audit Committee select from amongst their number a Chairman, who directs their work and supervises its conduct. The Chairman may invite non-Committee Members of the Supervisory Board, Members of the Management Board and employees of the Company and other persons cooperating with the Company, to participate at meetings of the Committee.

The Act dated 7 May 2009 on certified auditors and their self-governing body, entities entitled to audit financial statements and on public supervision, required public companies to appoint Supervisory Board Audit Committees and listed tasks which should be in particular the responsibility of such Committees:

- monitoring of the financial reporting process,
- monitoring of the effectiveness of internal control systems, internal auditing and risk management,
- monitoring of the execution of financial review, and
- monitoring of the independence of the certified auditor and of the entity entitled to audit financial statements.

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The act in addition set the number of members of such a committee – it should comprise at least 3 members, of which at least one member should meet the criteria for independence and hold qualifications in the areas of accounting or financial review.

II. Composition of the Audit Committee

In the year 2013, the following Members of the Supervisory Board of KGHM Polska Miedź S.A. served on the Audit Committee:

First, last name	period function served in 2013
Krzysztof Kaczmarczyk Chairman of the Committee	01.01.2013 – 31.12.2013 01.01.2013 – 10.07.2013
Marek Panfil Chairman of the Committee	10.07.2013 – 31.12.2013
Paweł Białek	01.01.2013 – 19.06.2013
Krzysztof Opawski	01.01.2013 – 27.11.2013
Iwona Zatorska - Pańtak	10.07.2013 – 31.12.2013

The composition of the Audit Committee meets the requirements of the Act dated 7 May 2009 on certified auditors and their self-governing body, entities entitled to audit financial statements and on public supervision.

III. Activities of the Audit Committee.

In financial year 2013, the Audit Committee held seven meetings.

Meeting of 28 January 2013 in Warsaw

This meeting of the Audit Committee was, to a large extent, dedicated to a discussion of the draft Consolidated Budget for 2013. In this part of the meeting, during which there was also participation by the First Vice President of the Management Board (Finance), the Chief Accountant of the Company, the Director of the Department of Controlling and Economic Analysis, the Director of the Department of Taxation and the Executive Director for Finance, the most important items in the Company Budget for 2013 were discussed, in particular the investment projects, questions on expenses by nature, hedging policy and dividend policy.

The Audit Committee also reviewed the report on realisation of the Integrated Audit Plan of KGHM Polska Miedź S.A. for the second half of 2012 and gave a positive opinion of the „Integrated Audit Plan of KGHM Polska Miedź S.A. for 2013”.

Meeting of 7 March 2013 in Warsaw

The meeting was held with the participation of representatives of PwC, the Company Auditor. The Audit Committee reviewed the following information prepared by PwC: „Audit titled „Management of information technology at the Central Office and in the Companies of the KGHM Polska Miedź S.A. Group. Summation of work”, „KGHM Polska Miedź S.A. Group audit of financial statements for 2012”, „Evaluation of the functioning of control procedures in the areas of finance and accounting related to the conducted centralisation of these processes. Summation of work”.

A schedule of actions was agreed related to adoption of the Company financial statements for 2012.

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Meeting of 6 May 2013 in Warsaw

This meeting of the Committee was dedicated to a discussion of the draft documents for the Ordinary General Meeting of the Company: the report of the Supervisory Board on the results of its evaluation of the financial statements (separate and consolidated) of the Company and the Brief assessment of the standing of the Company.

The Committee decided to recommend to the Supervisory Board the adoption of these documents, as well as the Report on the activities of the Audit Committee of the Supervisory Board of KGHM Polska Miedź S.A. in 2013.

Meeting of 31 July 2013 in Warsaw

In that part of the meeting in which the Director of the Department of Internal Audit and Internal Control participated, the Committee gave its opinion of the adjusted „Integrated Audit Plan of KGHM Polska Miedź S.A. for 2013”. Also discussed was the question of the selection of a new Director of the Department of Internal Audit and Internal Control.

The Chief Accountant of the Company familiarised the members of the Committee with the accounting policy in KGHM and discussed the major accounting challenges following the acquisition of Quadra FNX.

In the presence of the Company Auditor, information from the Auditor regarding the „KGHM Polska Miedź S.A. Group. Audit and review of the financial statements for 2013” was discussed. As a result of this discussion it was determined that there exists a need for the development of a model for the efficient and effective execution of supervisory functions in those areas assigned to be supervised by the Supervisory Board.

The Audit Committee also discussed information from the Management Board regarding the risk management policy in KGHM Polska Miedź S.A.

Meeting of 30 August 2013 in Warsaw

The Audit Committee gave a positive opinion of the candidate of the Management Board for the position of Director of the Department of Internal Audit and Internal Control.

The Committee discussed information from the Management Board regarding „Corporate risk management in the KGHM Polska Miedź S.A. Group. Risk map and selection of key risks in KGHM International”.

Meeting of 15 October 2013 in Warsaw

During the meeting with the participation of the Chief Accountant of the Company, the members of the Committee discussed information from the Management Board regarding realisation of the recommendations of the Auditor contained in the letter to the Management Board following the audit of the Company for 2012.

The Audit Committee held a meeting with the newly-appointed Director of the Department of Internal Audit and Internal Control, who presented his preliminary evaluation of the work of the internal audit and internal control unit in the Company.

At the request of the Audit Committee, the Director of the Market and Credit Risk Management Department, based on a quarterly report regarding market and currency risk, presented and explained the principles of the existing hedging policy applied by KGHM.

Meeting of 25 November 2013 in Warsaw

The meeting of the Audit Committee was held with the participation of representatives of PwC, the Auditor of the Company, and the Director of the Department of Internal Audit and Internal Control.

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The Committee heard information the Auditor of the Company on the conclusion of the preliminary audit of the financial statements of KGHM. The most important questions identified by the Auditor as a result of the audit were discussed.

The problem was discussed of engaging the Auditor in additional services, taking into consideration global and Polish best practice in this regard.

The Audit Committee reviewed proposals developed through cooperation with PwC and Amrop regarding annual self-evaluation by supervisory boards, aimed at improving the quality of supervision of the Company and at developing best practices in the Company.

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to the Report on the Activities of the
Supervisory Board of KGHM Polska Miedź S.A.
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Report on the activities of the Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. in 2013

I. Functioning of the Remuneration Committee.

During the reporting period the Remuneration Committee acted on the basis of § 7 point 5 of the Regulations of the Supervisory Board, as well as the Regulations of the Remuneration Committee approved by resolution of the Supervisory Board, in which the duties of the Committee were set forth. In accordance with the Regulations of the Supervisory Board the duties of the Remuneration Committee are as follows:

- 1) to carry out the recruitment and employment of members of the Management Board by developing and organising draft documents and procedures to be submitted to the Supervisory Board for their acceptance,
- 2) to develop draft agreements and samples of other documents related to the hiring of members of the Management Board, and supervision over the realisation of the contractual obligations entered into by the parties,
- 3) to supervise realisation of the system of remuneration of the Management Board, in particular to prepare documents related to variable salary and bonuses, in order to submit a recommendation to the Supervisory Board,
- 4) to monitor and make periodic analyses of the remuneration system of the management staff of the Company and, if necessary, to formulate recommendations to the Supervisory Board,
- 5) to supervise realisation of additional benefits received by the Management Board arising from labour contracts, such as: insurance, automobiles, housing, etc.

The Members of the Remuneration Committee select from amongst their number a Chairman, who directs their work and supervises its conduct. The Chairman may invite non-Committee Members of the Supervisory Board, Members of the Management Board and employees of the Company and other persons cooperating with the Company, to participate at meetings of the Committee.

II. Composition of the Remuneration Committee

The following Members of the Supervisory Board of KGHM Polska Miedź S.A. served on the Remuneration Committee in 2013:

first, last name	period when function served in 2013
Paweł Białek Chairman	01.01.2013 – 19.06.2013
Dariusz Krawczyk	01.01.2013 – 19.06.2013
Ireneusz Piecuch	01.01.2013 – 19.06.2013
Iwona Zatorska – Pańtak Chairwoman	10.07.2013 – 31.12.2013
Krzysztof Kaczmarczyk	10.07.2013 – 31.12.2013
Andrzej Kidyba	10.07.2013 – 31.12.2013
Bogusław Szarek	10.07.2013 – 31.12.2013

III. Activities of the Remuneration Committee.

Meeting of 6 May 2013 in Warsaw

The meeting, with the participation of the Director of the Department of Controlling and Economic Analysis, was dedicated to a discussion of material containing amounts and descriptions of bonus measures (KPIs) assigned by the Supervisory Board for the Management Board in 2013.

The Remuneration Committee did not adopt the recommendations for the Supervisory Board (from the meeting on 8 May 2013), declaring that further discussion in this regard is needed following the presentation of supplementary material by the Management Board.

Meeting of 11 i 17 June 2013 in Warsaw

Meeting with the participation of the Director of the Department of Controlling and Economic Analysis. During both meetings a discussion was continued aimed at developing proposals for bonus measures for the Management Board for 2013. The Remuneration Committee adopted recommendations in this regard which were submitted to the Supervisory Board at its meeting on 18 June 2013.

Meeting of 2 September 2013 in Warsaw

The meeting of the Committee was entirely dedicated to developing, on the basis of documents submitted by the Management Board, recommendations for the Supervisory Board of KGHM Polska Miedź S.A. regarding:

- The amount of variable remuneration for the members of the Management Board of the Company for 2012,
- The amount of variable remuneration for the members of the Management Board of the Company for the first quarter of 2013,
- The amount of variable remuneration for the members of the Management Board of the Company for the second quarter of 2013.

Meeting of 30 September 2013 in Warsaw

The following members of the Management Board took part in the meeting: First Vice President of the Management Board (Finance), Vice President of the Management Board (Corporate Affairs), Vice President of the Management Board (Development).

The meeting was entirely dedicated to developing recommendations for the Supervisory Board regarding the adoption of employment contracts with the newly-appointed members of the Management Board.

Meeting of 21 October 2013 in Warsaw

The goal of the meeting was to prepare recommendations for the Supervisory Board regarding the adoption of KPIs for 2013 for the Members of the Management Board of KGHM appointed on 2 September 2013 and eventual changes to existing KPIs for all of the members of the Management Board, due to the updated Company Budget for 2013.

As a result of discussions, the Remuneration Committee adopted the recommendations of the Supervisory Board regarding bonus measures for the newly-appointed members of the Management Board. The members of the Committee decided not to recommend an update to the KPIs for the members of the Management Board following the update to the Budget for 2013.

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Meeting of 16 December 2013 in Warsaw

The meeting was dedicated to consideration of the request of the Management Board regarding the granting of variable remuneration for the members of the Management Board KGHM for the third quarter of 2013, based on the KPI parameters adopted by the Supervisory Board.

The members of the Committee held a preliminary discussion of the question of KPI parameters for the members of the Management Board of the Company for 2014.

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SUPERVISORY BOARD

Report on the activities of the Strategy Committee of the Supervisory Board of KGHM Polska Miedź S.A. in 2013

I. Functioning of the Strategy Committee

In accordance with the Regulations of the Supervisory Board the duties of the Strategy Committee are as follows:

- 1) The performance of tasks on behalf of the Supervisory Board of the Company respecting supervision of matters related to Company strategy and the Company's annual and multi-year operating plans,
- 2) Monitoring the realisation by the Management Board of the Company of the Company's strategy, and evaluating to what extent the existing strategy is appropriate in dealing with changes in the actual situation,
- 3) Monitoring the realisation by the Management Board of the Company's annual and multi-year operating plans, and evaluating whether they require modification,
- 4) Evaluating the consistency of the Company's annual and multi-year operating plans with the realisation by the Management Board of the Company's strategy, and presenting proposed changes to any of these Company documents,
- 5) Submitting to the Supervisory Board of the Company its opinions in respect of the strategy projects presented by the Management Board of the Company and any changes thereto, as well as on the Company's annual and multi-year operating plans.

II. Composition of the Strategy Committee

The following Members of the Supervisory Board served on the Strategy Committee of KGHM Polska Miedź S.A. in 2013:

first, last name	period when function served in 2013
Aleksandra Magaczewska – Chairwoman	01.01.2013 – 31.12.2013
Krzysztof Kaczmarczyk – Deputy Chairman	01.01.2013 – 31.12.2013 22.04.2013 - 31.12.2013
Paweł Białek	01.01.2013 – 19.06.2013
Dariusz Krawczyk	01.01.2013 – 19.06.2013
Krzysztof Opawski	01.01.2013 – 27.11.2013
Ireneusz Piecuch	01.01.2013 – 19.06.2013
Jacek Poświata	01.01.2013 – 31.12.2013
Marek Panfil	10.07.2013 – 31.12.2013
Bogusław Szarek	10.07.2013 – 31.12.2013

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III. Activities of the Strategy Committee

During the reporting period the Strategy Committee acted on the basis of § 7 point 7 of the Regulations of the Supervisory Board, as well as the Regulations of the Strategy Committee approved by resolution of the Supervisory Board, in which the duties of the Committee were set forth.

In 2013, the Strategy Committee held five meetings:

Meeting of 1 March 2013 in Warsaw

The meeting was held with the participation of the following members of the Management Board of KGHM Polska Miedź S.A.: the President of the Management Board, the First Vice President of the Management Board (Finance), the Vice President of the Management Board (Corporate Affairs) and the Vice President of the Management Board (Development), as well as the Director of the Business Development Department.

The meeting was dedicated to a discussion of information from the Management Board regarding:

- planned foreign investments,
- the remuneration system in KGHM International,
- realisation of the investment projects of KGHM International Ltd. and KGHM Ajax Mining Inc.

Meeting of 22 April 2013 in Warsaw

The members of the Committee selected from amongst themselves a Deputy Chairman of the Committee, Krzysztof Kaczmarczyk.

The meeting was held with the participation of the President of the Management Board, the First Vice President of the Management Board (Finance), the Vice President of the Management Board (Production) and the Vice President of the Management Board (Development), as well as, in respect of the relevant points on the agenda, the Executive Director, Equity Investments, the Director of the Business Development Department, the Director of the Department of Controlling and Economic Analysis and the Executive Director, Finance.

During the meeting the report of the Management Board on the reorganisation of the KGHM Polska Miedź S.A. Group was discussed in detail.

The members of the Strategy Committee also held a discussion related to information from the Management Board regarding:

- the valuation of KGHM International Ltd.,
- the equity investment plan of KGHM Polska Miedź S.A. for 2013.

Meeting of 11 June 2013 in Warsaw

The entire Management Board participated in the meeting.

The meeting was entirely dedicated to a discussion of the new Strategy of KGHM Polska Miedź S.A. submitted by the Management Board.

Following analysis of the submitted document and as a result of discussion by the members of the Committee, a variety of concerns and requests were formulated for the Management Board. It was decided that the discussion about the new Company Strategy would be continued at the Committee level.

Meeting of 11 July 2013 in Warsaw

The meeting was held with the participation of the President of the Management Board, the First Vice President of the Management Board (Finance), the Vice President of the Management Board (Production) and the Vice President of the Management Board (Development), as well as the Director of the Department of Controlling and Economic Analysis, the Executive Director, Finance and the Director of the Department of Market and Credit Risk Management.

KGHM POLSKA MIEDŹ S.A.

SUPERVISORY BOARD

The members of the Committee again concentrated on a discussion regarding the Strategy of KGHM to the year 2020. After reviewing the Strategy of KGHM to the year 2020 and analytical materials in respect of the Strategy, submitted by the Management Board, further comments and requests were prepared for the Management Board.

Meeting of 21 October 2013 in Warsaw

The meeting was held with the participation of the President of the Management Board and the First Vice President of the Management Board (Finance).

Due to a change in the concept regarding changes in the Company Strategy, the Management Board presented to the Committee for the purpose of discussion a document titled „Strategy of KGHM 2009 - 2018. Execution and proposed changes”.

It was decided that following the introduction of corrections, the updated Company Strategy would be presented to the Supervisory Board for discussion at one of the upcoming meetings of the Supervisory Board.

IV. Conclusions for the Supervisory Board of KGHM Polska Miedź S.A.

Summarising its activities in financial year 2013, the Strategy Committee requests that the Supervisory Board:

- continuously monitor the activities of KGHM International Ltd., in particular the realisation of the Sierra Gorda and Victoria projects and the realisation of the Afton-Ajax project, as well as monitor the process of integration of KGHM International Ltd. with KGHM Polska Miedź S.A.;
- continue work on the development of the Company’s long term directions of development, which will be reflected in the Strategy of KGHM Polska Miedź S.A.;
- monitor the process of reorganisation of the KGHM Polska Miedź S.A. Group commenced by the Management Board;
- continue work on the plan to limit the operating costs and increase the efficiency of the KGHM Polska Miedź S.A. Group.