

KGHM Polska Miedź S.A.

**Report on representation expenses, expenses incurred
on legal services, marketing services, public relations services
and social communication services, and advisory services
associated with management for 2017**

Lubin, May 2018

*Report on representation expenses, expenses incurred on legal services, marketing services,
public relations services and social communication services, and advisory services
associated with management for 2017*

Contents

1. Introduction.....	3
2. Representation expenses.....	3
3. Expenses incurred on marketing services.....	3
4. Public relations and social communication services.....	3
5. Expenses incurred on legal services	4
6. Expenses incurred on advisory services associated with management.....	4
7. Summation	4
8. Signatures	4

1. Introduction

The Management Board of KGHM Polska Miedź S.A. („Company”, „KGHM”) acting on the basis of § 34 point 3 of the Statutes of the Company, herein presents a Report on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management. Expenses shall be defined as the sum of expenditures and costs.

This report has been prepared in thousand Polish zlotys. The report does not include VAT, in respect of the purchase of goods, materials and services related to the expenditures shown.

2. Representation expenses

In 2017, the Company incurred PLN 5 107 thousand on representation-related expenses. These expenses served in the building of favourable ties between the KGHM Polska Miedź Group and the Company's environment, including among others the financing of events related with cultivating traditions (PLN 3 441 thousand) and relations with customers (PLN 1 666 thousand).

3. Expenses incurred on marketing services

In 2017, the Company incurred PLN 2 026 thousand on marketing services. These services involved the organisation of promotional meetings for customers, presentations for shareholders and analysts, participation in exhibitions and fairs and the purchase of advertising materials. Promotional activities were aimed at supporting awareness of the KGHM Polska Miedź brand and its positive public image as well as building dialogue with local communities.

4. Public relations and social communication services

Expenses incurred on public relations and social communication services during the 12 months of 2017 amounted to PLN 29 607 thousand.

Activities performed in this regard mainly comprised the sponsoring of sport, academics and the arts, on which PLN 25 618 thousand was incurred. The Company incurred expenses on cooperation with sport clubs (Zagłębie Lubin SA, handball and volleyball clubs – teams from the highest leagues in Poland), organizers of sporting and cultural events and also scientific conferences. These activities were aimed at shaping a positive image of KGHM, as a patron which cares about meeting the needs of local and national communities. The activities of the KGHM Group with respect to sponsoring are regulated by the rules set forth in the Sponsoring Policy of KGHM Polska Miedź S.A. and in the opinion-gathering procedure of the Sponsoring Committee.

Activities in the area of public relations also include activities with respect to internal and external communication, branding, projects involving for example voluntarism, eco health and supporting

Report on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management for 2017

repatriated persons. Total expenses in this area amounted to PLN 3 989 thousand. Activities related to communication were based among others on the issuance of periodicals, producing internal television programs, sponsoring articles and radio- television shows in the public media, and providing services related to branding during sponsored events. These activities were aimed at providing information on events in the KGHM Polska Miedź Group.

5. Expenses incurred on legal services

Expenses incurred on legal services incurred by the Company in 2017 amounted to PLN 8 426 thousand and were related with legal advice comprising the preparation of analyses, expert and legal opinions, as well as the development and adaptation of internal regulations to existing laws. They also comprised representation of the Company in arbitration, court and administrative proceedings as well as legal consulting as regards investments.

6. Expenses incurred on advisory services associated with management

In 2017, expenses incurred by the Company on advisory services associated with management amounted to PLN 13 461 thousand. They comprised among others advisory services in the areas of taxation, the restructurisation of foreign mining assets and and the reorganisation of the KGHM Group's international structure.

7. Summation

The following table summarizes the expenses comprising this report.

in thousand PLN		
Description	Execution 2017	Share in consolidated revenues from contracts with customers
Representation expenses	5 107	0.03%
Expenses incurred on marketing services	2 026	0.01%
Public relations and social communication services	29 607	0.15%
Expenses incurred on legal services	8 426	0.04%
Expenses incurred on advisory services associated with management	13 461	0.07%
Total expenses	58 627	0.29%

*Report on representation expenses, expenses incurred on legal services, marketing services,
public relations services and social communication services, and advisory services
associated with management for 2017*

This report was prepared for the year ending 31 December 2017 and consists of 5 pages.

Lubin, 14 May 2018

8. Signatures

Rafał Pawełczak – President of the Management Board

.....

Stefan Świątkowski – Vice President of the Management Board

.....

Ryszard Jaśkowski - Vice President of the Management Board

.....