

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 2020**

*(Adopted by Resolution No 69/X/21 of the Supervisory Board of KGHM Polska Miedź S.A.
dated 21 April 2021)*

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 2020

Lubin, April 2021

Contents

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

1. Introduction

The Management Board of KGHM Polska Miedź S.A., acting on the basis of § 34 point 3 of the Statutes of the Company, hereby presents the 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 2019. Expenses are understood as the sum of expenditures and costs.

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

2. Expenses incurred on marketing services

In 2020, the Company incurred PLN 1 148 thousand on marketing services. These services involved participation in exhibitions and fairs as well as the purchase of promotional materials, promotional meetings for customers and presentations for shareholders and analysts. The activities engaged in with respect to marketing services were aimed at developing awareness of the KGHM Polska Miedź S.A. brand as well as enhancing and maintaining its high level of visibility.

3. Expenses incurred on representation expenses

In 2020, the Company incurred PLN 1 677 thousand on representation-related expenses. These expenses were aimed at building positive relations with the Company's environment, among others by organising celebrations associated with mining and metallurgical sector holidays, jubilee celebrations for the Company's Divisions (PLN 904 thousand) and maintaining ties with customers (PLN 773 thousand). Due to the epidemiological situation (Covid-19) the nature of events associated with celebrating traditions was substantially limited compared to prior years.

4. Expenses incurred on public relations and social communication services

Expenses incurred on public relations and social communication services during the 12 months of 2020 amounted to PLN 49 777 thousand. Activities carried out in this area mainly comprised the sponsoring of sport, education and the arts in the amount of PLN 36 811 thousand. The realisation of actions in this area were aimed at building a positive image of KGHM both locally and nationally. The Company focused on cooperation with sports clubs, organisers of sporting and cultural events, and scientific/academic conferences. The Company's sponsoring activities is conducted in compliance with the rules set forth in the Sponsoring Policy of KGHM Polska Miedź S.A. and is reviewed by the Sponsoring Committee. Activities in the field of public relations also included actions involving corporate social responsibility. The Company proalso engaged in an active informational policy utilising both internal channels (the issuance of industry periodicals and the production of internal television programs) as well as external media (the press, radio, television,

social media). These activities served to strengthen the positive image of the Company in its environment.

5. Expenses incurred on advisory services associated with management

In 2020 expenses incurred by the Company on advisory services amounted to PLN 2 822 thousand. These services comprised among others advisory services in the areas of public relations and support in the adaptation of KGHM's operations to selected ISO standards.

6. Expenses incurred on legal services

In 2020, expenses incurred on legal services amounted to PLN 7 723 thousand. These expenses included on-going legal support for the Company in terms of operational and investment activities. Legal consulting also included costs associated with the legal representation of the Company in administrative and arbitration proceedings.

7. Summation

The following table summarizes the expenses included in this report.

Description	k PLN	
	Execution 2020	Share in sales revenue
Representation expenses	1 677	0.01%
Expenses incurred on marketing services	1 148	0.01%
Expenses incurred on public relations and social communication services, <i>of which:</i>	49 777	0.26%
<i>sponsoring</i>	36 811	0.19%
Expenses incurred on legal services	7 723	0.04%
Expenses incurred on advisory services associated with management	2 822	0.01%
Total expenses	63 148	0.33%

This report was prepared for the year ended 31 December 2020 and consists of 5 pages.

Lubin, 7 April 2021

8. Signatures

Marcin Chludziński

President of the Management Board

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Adam Bugajczuk

Vice President of the Management Board (Development)

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Paweł Gruza

Vice President of the Management Board (International Assets)

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Katarzyna Kreczmańska-Gigol

Vice President of the Management Board (Finance)

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Radosław Stach

Vice President of the Management Board (Production)

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