

60 YEARS
KGHM



THE FUTURE IS MADE
OF COPPER

KGHM Group Investor Presentation

Ipopema

7th October 2021

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Key information about the KGHM Group

KGHM Group in brief

One of the world's largest producers of copper and silver with 60 years of experience in mining and metallurgy

709 thousand tonnes of payable copper production by the KGHM Group in 2020, (1.1% higher y/y)

A diversified portfolio of assets at various stages of development located in mining-friendly jurisdictions

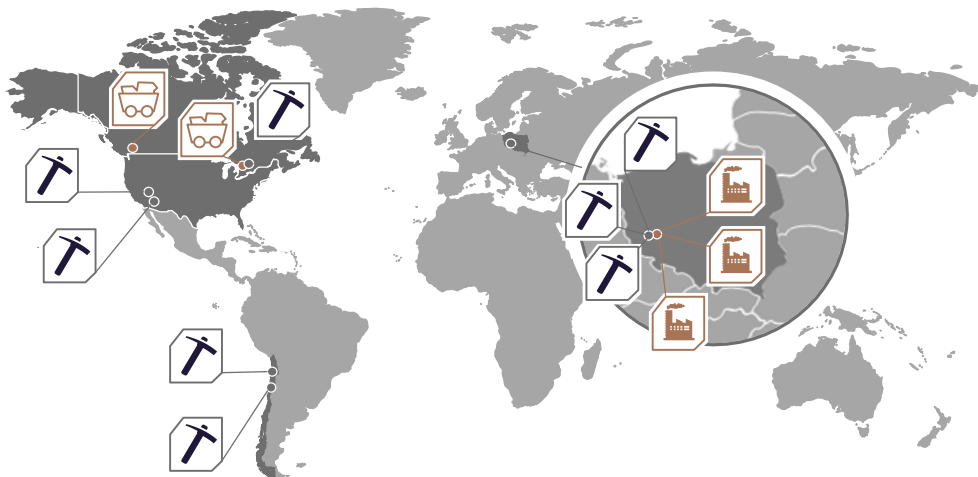
Member of the prestigious indices WIG-ESG¹⁾ & FTSE4Good published by the GPW and LSE

A stable and competitive position in a key sector for the global economy
- copper mining and processing

An organisation with strong values-based roots, focused on corporate social responsibility

KGHM: a top ten copper producer and a leading Polish exporter

The Group has a global reach and plays a significant role on the global copper and silver markets



Legend: Mining projects of KGHM Mines of KGHM Metallurgical facilities of KGHM

Seventh
 largest
 copper
 producer

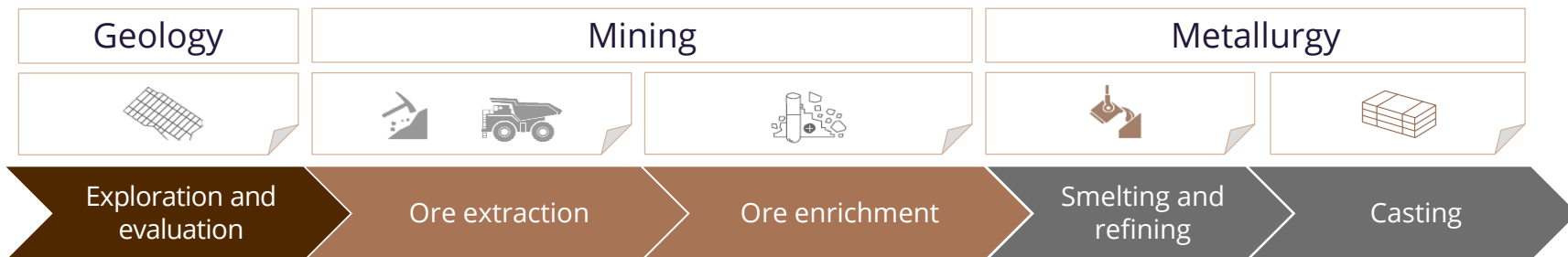


Second
 largest
 silver
 producer



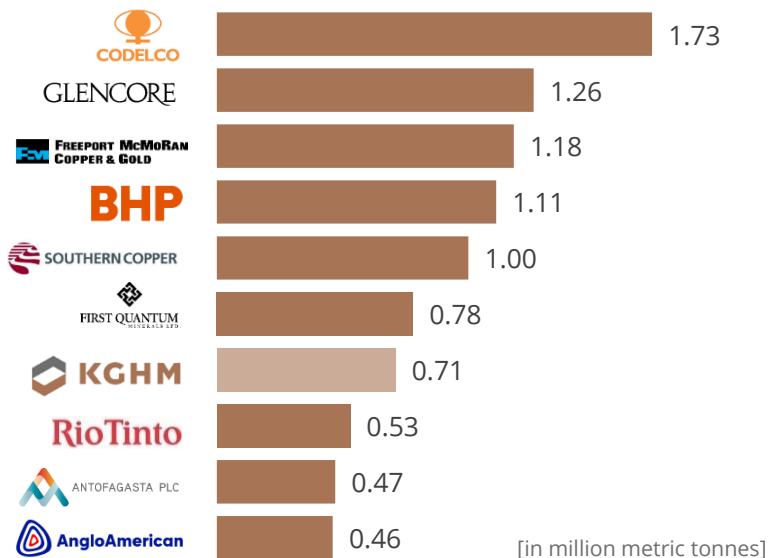
Other KGHM Group products:

- Molybdenum
- Lead
- Nickel
- Gold
- Palladium
- Platinum
- Rhenium
- Sulphuric acid
- Selenium
- Copper sulphate
- Nickel sulphate

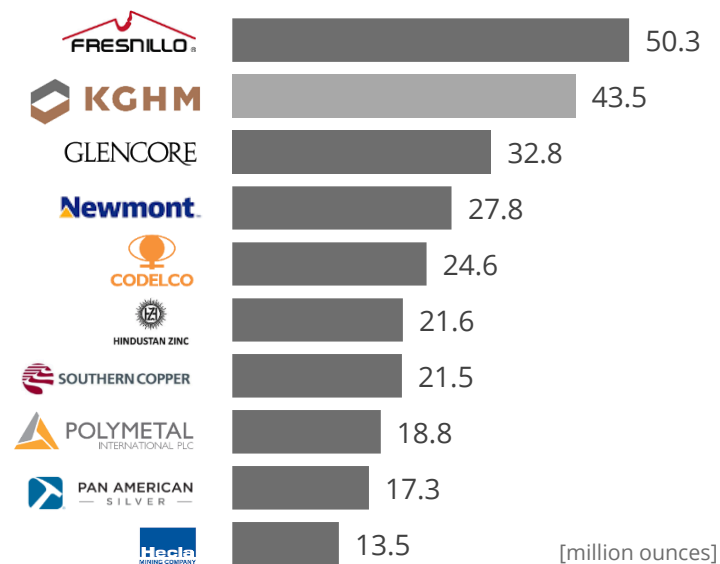


KGHM among the biggest copper and silver producers¹⁾

Mined Copper production 2020²⁾



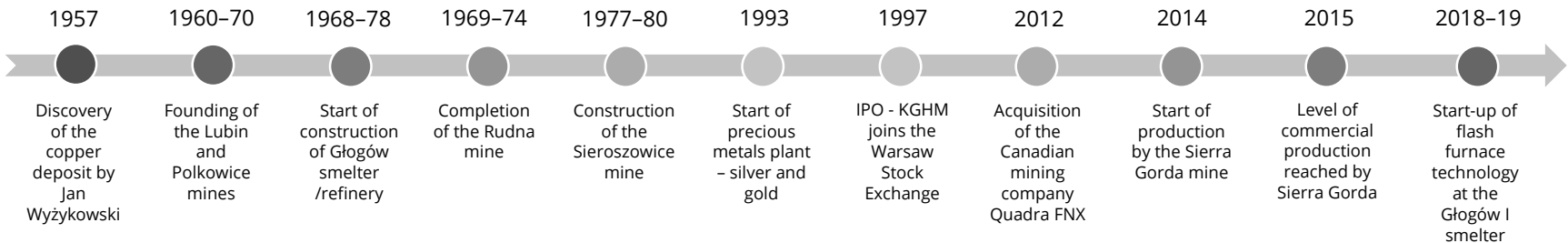
Silver production 2020³⁾



1) KGHM results as reported in its consolidated financial statement 2020
 2) Statista, April 2020
 3) World Silver Survey 2021

A proud history of mining and metallurgy

Discovery of the copper deposit brought about a fundamental change in the region's economy thanks to the growth of KGHM Polska Miedź S.A. As a result of M&A activities, capped by the acquisition of Quadra FNX, KGHM became a truly global copper producer aimed at continued growth



Core production assets in Poland – stable output and earnings

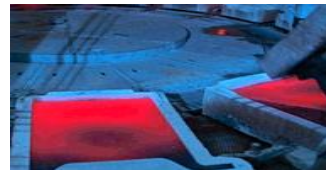
Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

36 years LOM

- Copper in extracted ore in 2020: 191.0 kt
- Associated metals: silver, lead, rock salt, gold



Legnica Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 120 kt electrolytic Cu/year ¹⁾

- Other metals produced: Ag, Au, Pb, Re
- 2020 Cu production: 123.3 kt



Rudna Mine

21 years LOM

- Copper in extracted ore in 2020: 177.4 kt
- Associated metals: silver, lead, gold



Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 240 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re



Lubin Mine

26 years LOM

- Copper in extracted ore in 2020: 73.5 kt
- Associated metals: silver, lead, gold



Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 230 kt electrolytic Cu/year¹⁾

- Other metals produced: Ag, Au, Pb, Re

2020 Cu production in total: 437.1 kt



Deep Głogów Project

- Extension of Rudna and Polkowice-Sieroszowice mines
- DG production figures are included in Rudna and Polkowice-Sieroszowice mines' production stats



Cedynia Copper Wire Rod Plant

Contirod and Upcast technology

- Production in 2020: 245.4 kt of copper wire and 14.1 kt of OFE rod

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile

- | | |
|---|---|
| 23 years LOM | 2020 production stats: |
| <ul style="list-style-type: none"> ▪ Open-pit mine ▪ Porphyry | <ul style="list-style-type: none"> ▪ Cu production (payable): 148.7 kt |



Robinsón Mine, USA

- | | |
|---|--|
| 9 years LOM | 2020 production stats: |
| <ul style="list-style-type: none"> ▪ Open-pit mine ▪ Porphyry/Skarn orebody | <ul style="list-style-type: none"> ▪ Cu production (payable): 47.4 kt |



Sudbury, Canada

- | | |
|--|---|
| 7 years LOM | 2020 production stats: |
| <ul style="list-style-type: none"> ▪ Underground mine ▪ Footwall/Contact orebody | <ul style="list-style-type: none"> ▪ Cu production (payable): 2.1 kt |



Franke Mine, Chile

- | | |
|---|--|
| 5 years LOM | 2010 production stats: |
| <ul style="list-style-type: none"> ▪ Open-pit mine ▪ IOCG orebody | <ul style="list-style-type: none"> ▪ Cu production (cathodes: SX-EW): 12.5 kt |

Potential growth projects



Sierra Gorda Oxide, Chile

- 11 years LOM**
- The project aims at processing the oxide ore
 - The oxide ore is currently stored separately for later heap leaching
 - The ore will be transported to a permanent heap, where it will be processed via leaching



Victoria, Canada

- 14 years LOM**
- The projects assumes building an underground copper-nickel mine
 - Current development scenario assumes accessing the deposit via 2 shafts
 - Forecasted annual production: 16 kt Cu p.a., 18 kt Ni p.a.



Ajax (80% stake), Canada

- 19 years LOM**
- The project assumes building an open-pit copper-gold mine and processing plant with associated infrastructure
 - 53 kt Cu p.a., 114 koz t Au p.a.

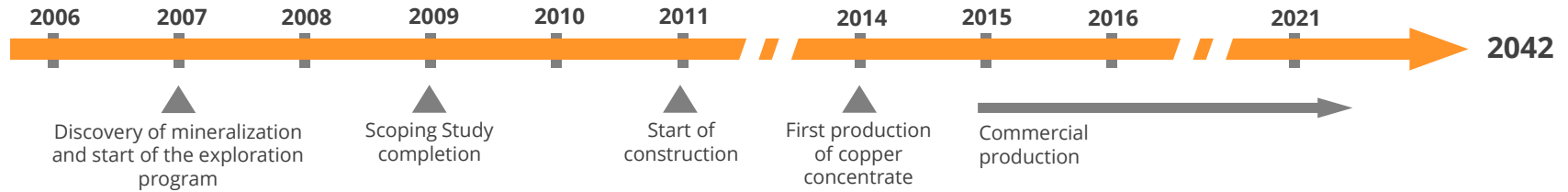
Sierra Gorda



Sierra Gorda is an open pit copper and molybdenum mine located in Chile's Antofagasta region in the Atacama desert. Sierra Gorda is a Joint Venture of:

- KGHM Polska Miedź S.A. – 55% share
- Sumitomo Metal Mining – 31.5% share
- Sumitomo Corporation – 13.5% share

Schedule of Sierra Gorda development



Sierra Gorda payable copper production and silver production¹⁾

Cu production in 2020 vs 2019	81.8 kt	59.5 kt	↑ +37% y/y
Ag production in 2020 vs 2019	27.6 t	14.6 t	↑ +87% y/y

H1 2021 highlights - KGHM Group

Key production highlights

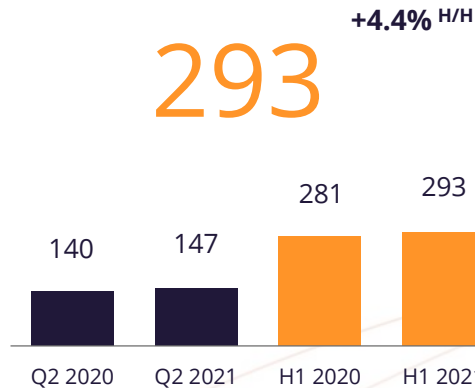
H1 2021

Payable copper production
by the KGHM Group
higher by 8.6% (h/h)

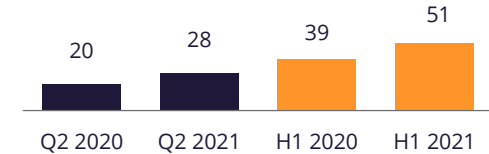
381 +8.6% H/H
[kt]

- KGHM Polska Miedź:
higher production from
purchased copper-bearing
materials due to higher
availability of production lines
- Sierra Gorda:
higher recovery and higher
copper content in ore
- KGHM INTERNATIONAL:
higher production by the
Robinson mine

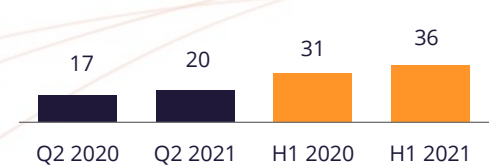
Payable copper production
KGHM Polska Miedź [kt]



Payable copper production
Sierra Gorda¹⁾ [kt]

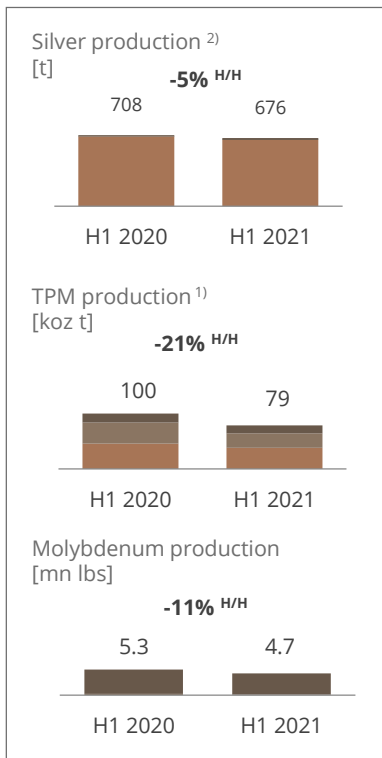
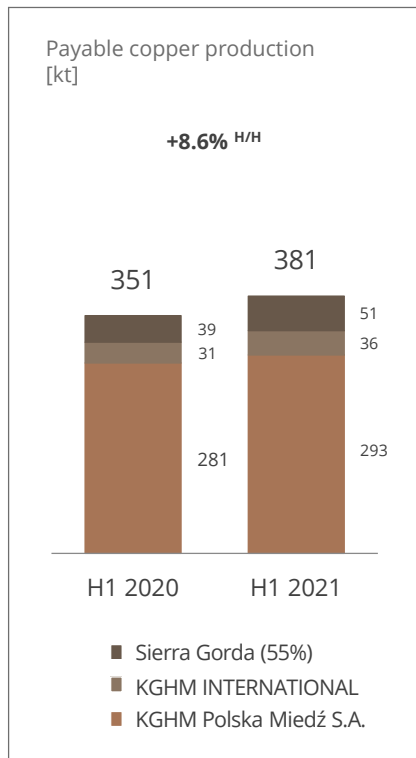


Payable copper production
KGHM INTERNATIONAL [kt]

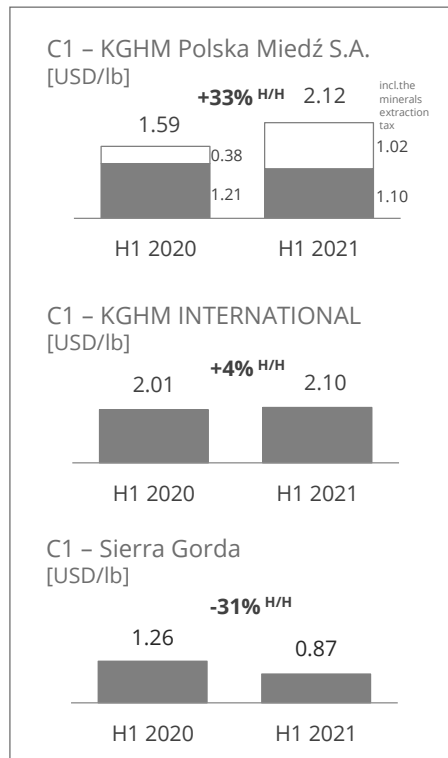


Operating results

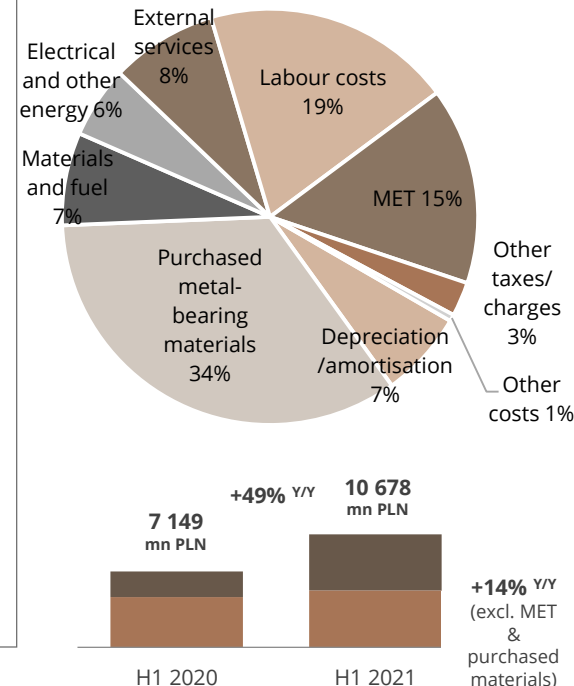
Production



C1 cost



Expenses by nature – KGHM Polska Miedź S.A.



Key financial indicators – KGHM Group

H1 2021

Doubled adjusted EBITDA for the KGHM Group compared to H1 2020

Higher adjusted EBITDA compared to H1 2020 (+PLN 2 662 mn; +100%), of which by segment:

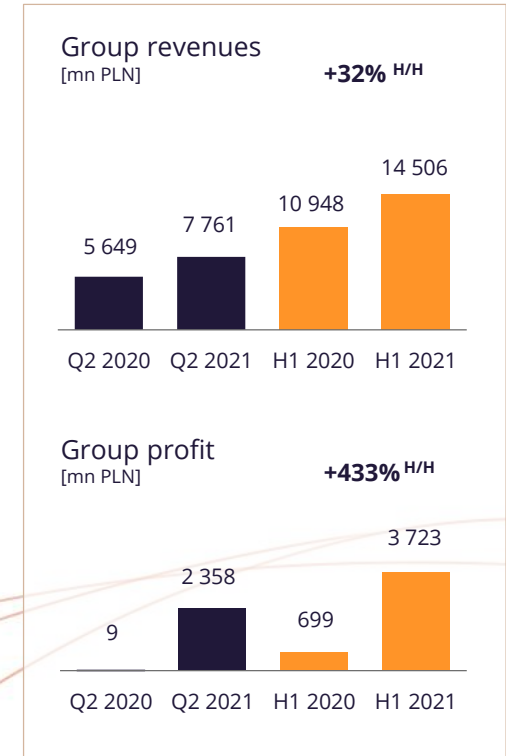
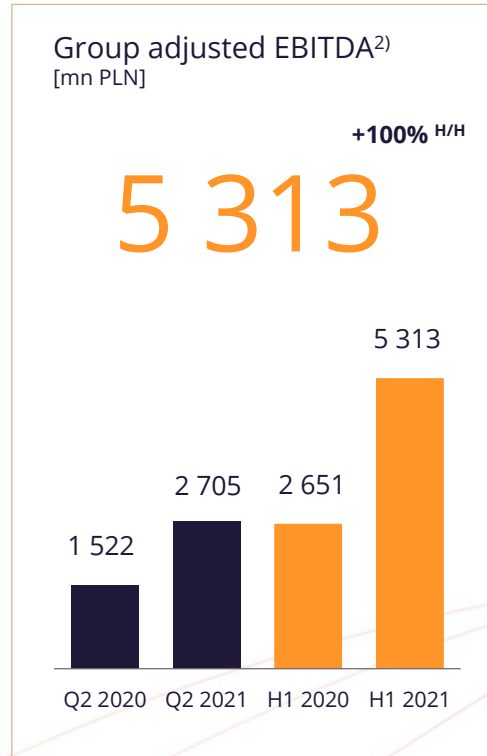
- KGHM Polska Miedź +1 226 mn PLN – higher copper prices
- Sierra Gorda¹⁾ +PLN 1050 mn – mainly higher revenues from copper sales due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 371 mn – higher copper prices and lower basic operating costs, excluding depreciation/amortisation

Higher Group revenues

- Impact of higher metals prices

Higher Group profit for the period

- Improvement in EBITDA and reversal of impairment on loans aided in achieving a profit higher by PLN 3 024 mn (5.3-times) than in H1 2020

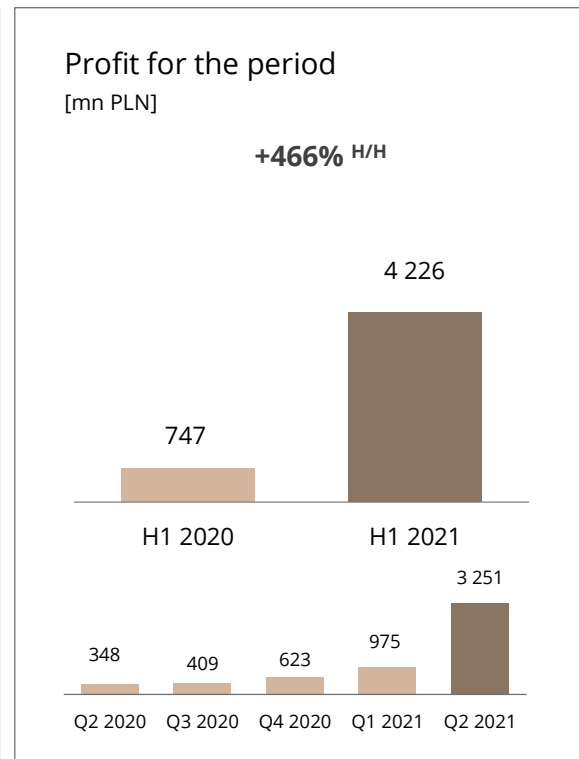
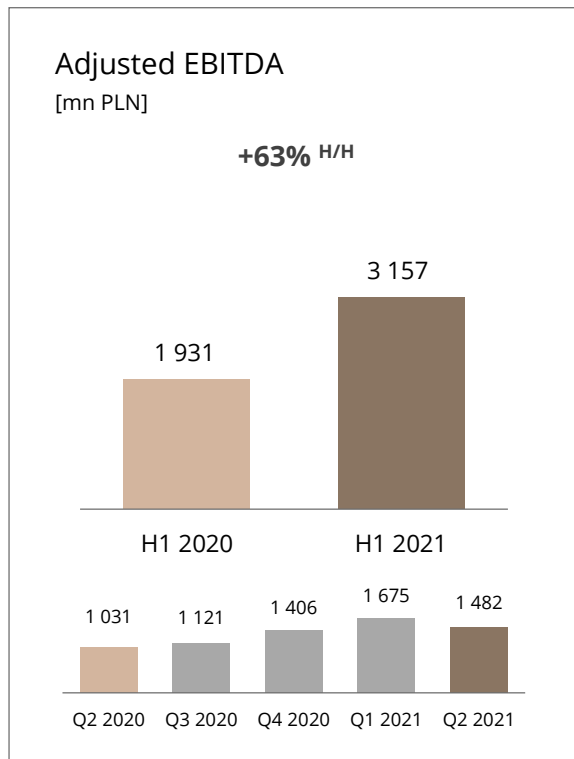
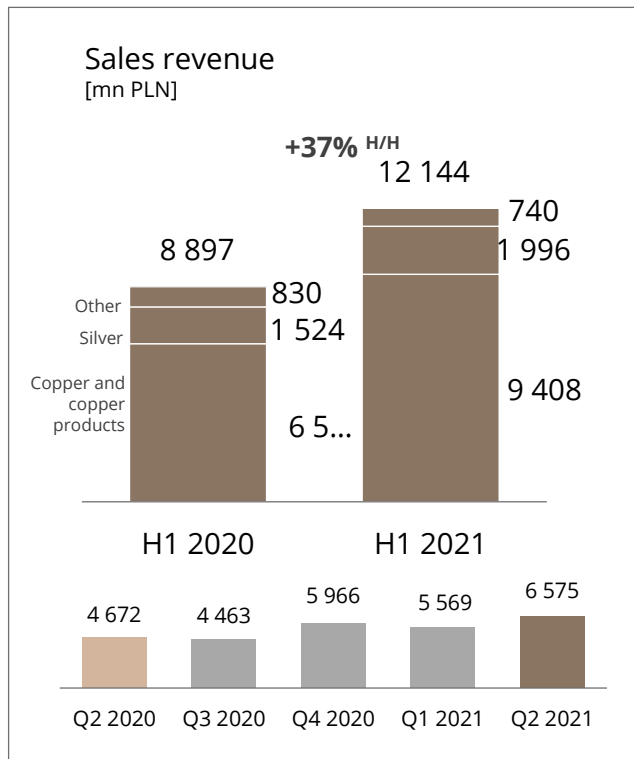


1) On a 55% basis

2) Sum of segments; adjusted EBITDA = profit/loss on sales + depreciation/amortisation adjusted by impairment losses/reversals of impairment losses on non-current assets

Financial results

KGHM Polska Miedź S.A.

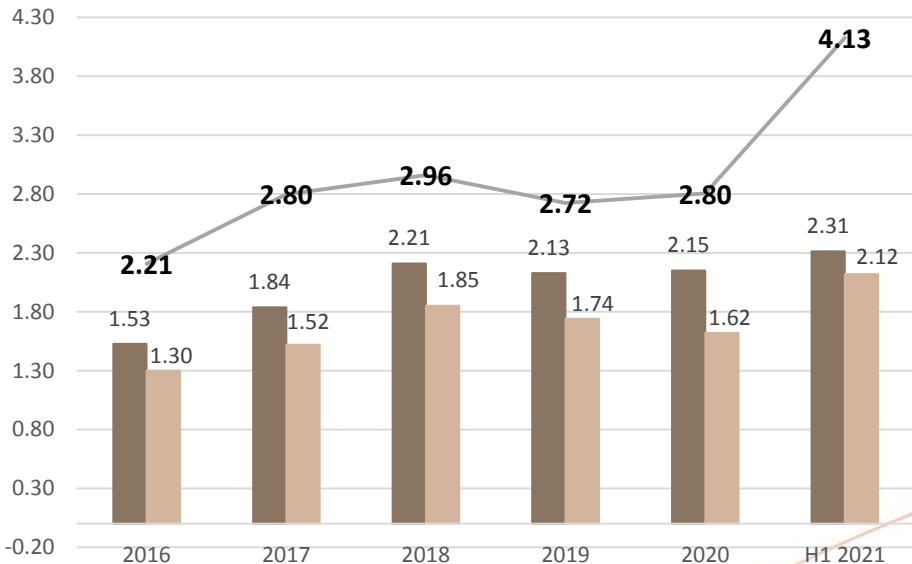


Consistent strong performance

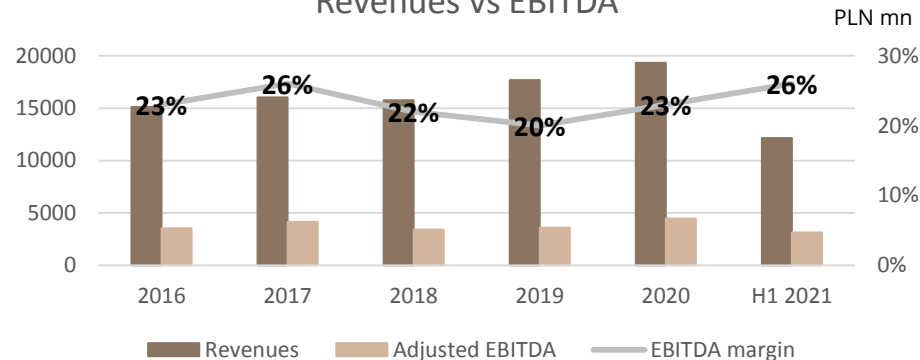


KGHM Polska Miedź S.A. Copper production cost vs copper price

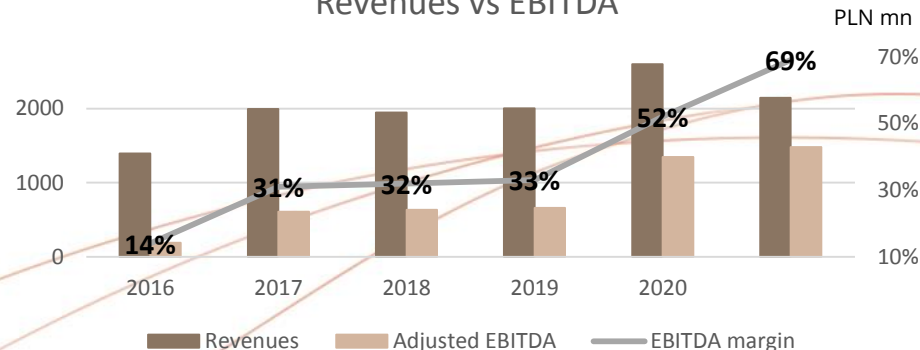
■ Total unit cost of electrolytic copper production from own concentrate (PLN/t)
■ C1 cost of producing copper in concentrate C1 (USD/lb)
— Average annual copper price (USD/lb)



KGHM Polska Miedź S.A. Revenues vs EBITDA

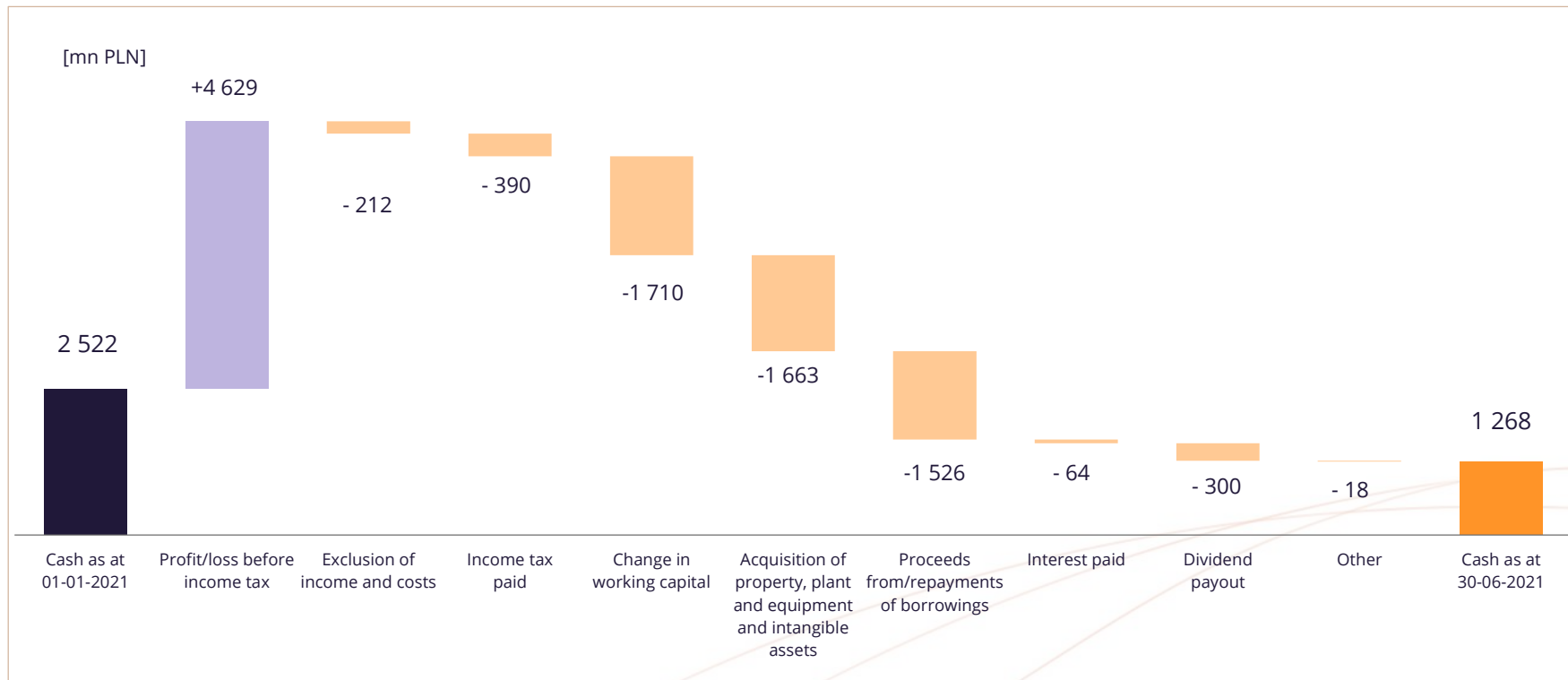


Sierra Gorda S.C.M. (55%) Revenues vs EBITDA



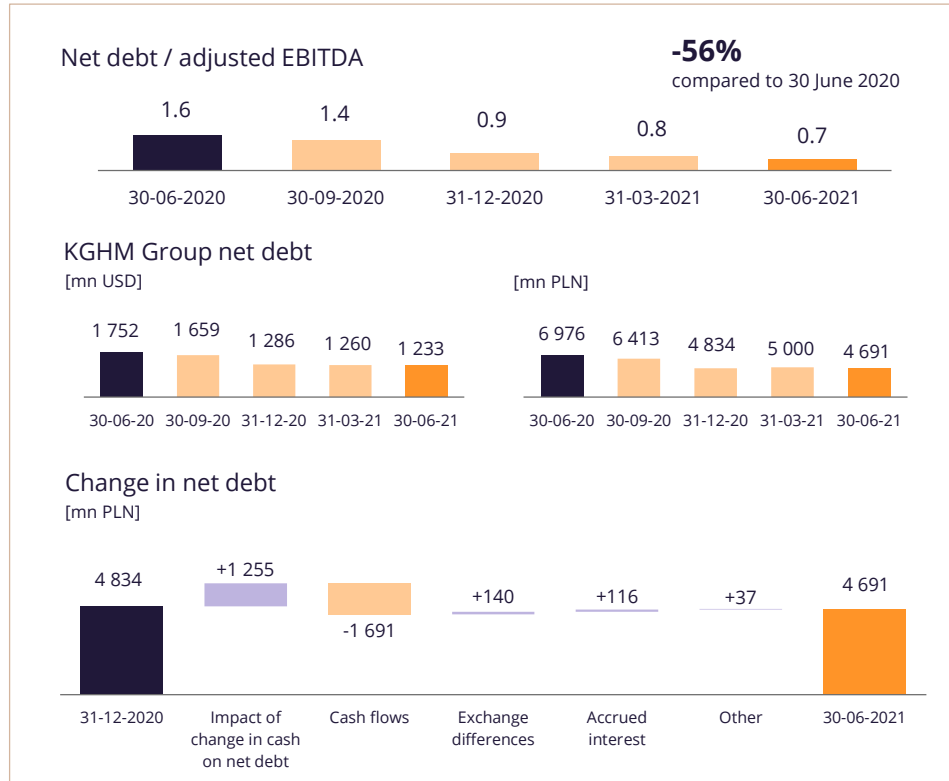
Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of Q2 2021



Main factors affecting net debt in the first half of 2021

Increases in debt

- Cash expenditures on property, plant and equipment (PLN 1 663 mn)
- The minerals extraction tax (PLN 1 635 mn)
- Change in inventories (higher by PLN 1 306 mn)
- Negative exchange differences (an increase in PLN-denominated debt by PLN 140 mn)
- Borrowing costs recognised in cash flow (PLN 64 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 4 956 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 205 mn)
- Change in trade and other receivables (lower by PLN 98 mn)
- Proceeds from disposal of shares in the company PGE EJ1 (PLN 53 mn)

The financial situation of the KGHM Group remains stable and safe

2021
Budget

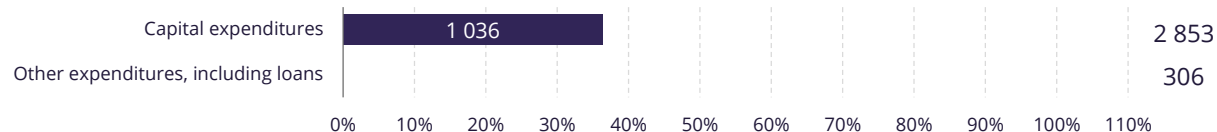
Total unit production cost

of electrolytic copper from own concentrate
KGHM Polska Miedź S.A.¹⁾
[k PLN/t]



Investments

of KGHM Polska Miedź S.A.²⁾
[mn PLN]



Liquidity of the KGHM Group

[net debt / adjusted EBITDA]³⁾



- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic copper production from own concentrates
- 2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted; Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted
- 3) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 4) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2021

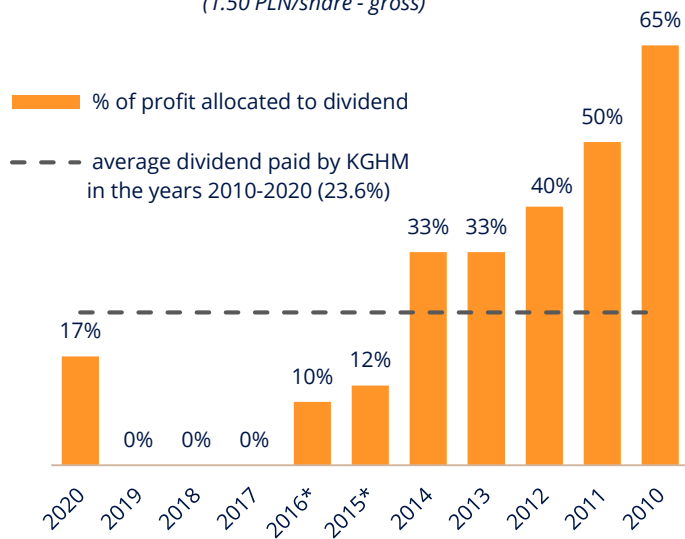
Capital allocation

Renewal of dividend payout

2020 Dividend Payout (17% of net profit)

300 mn PLN

(1.50 PLN/share - gross)



dividend date: 21 June 2021

dividend payment date: 29 June 2021

Dividend policy

The Dividend Policy of KGHM Polska Miedź S.A. is part of its on-going efforts to ensure a balance between dividends paid out to shareholders and opportunities to efficiently invest the Company's funds.

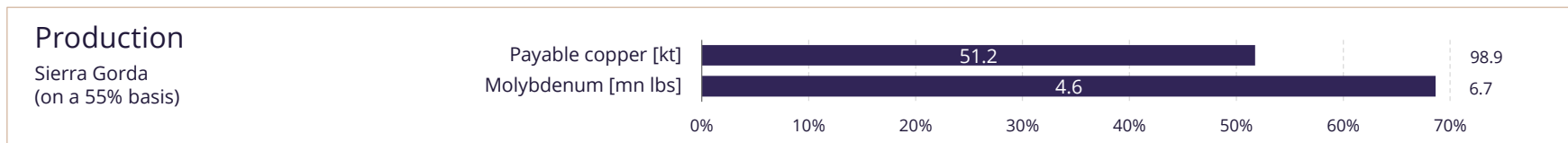
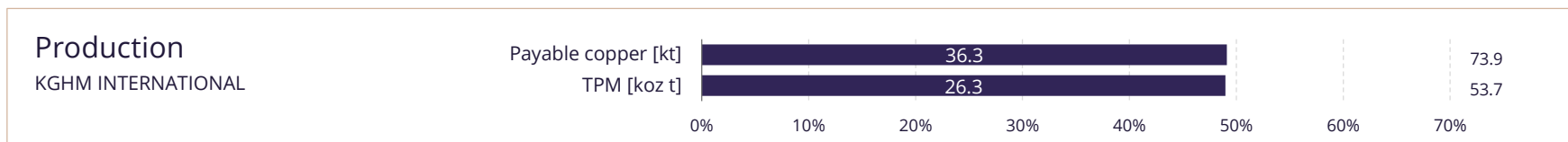
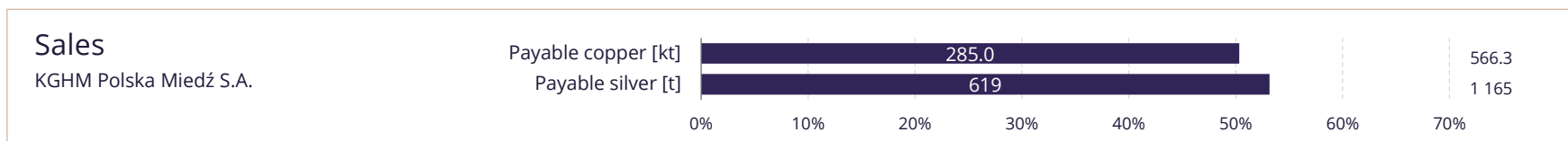
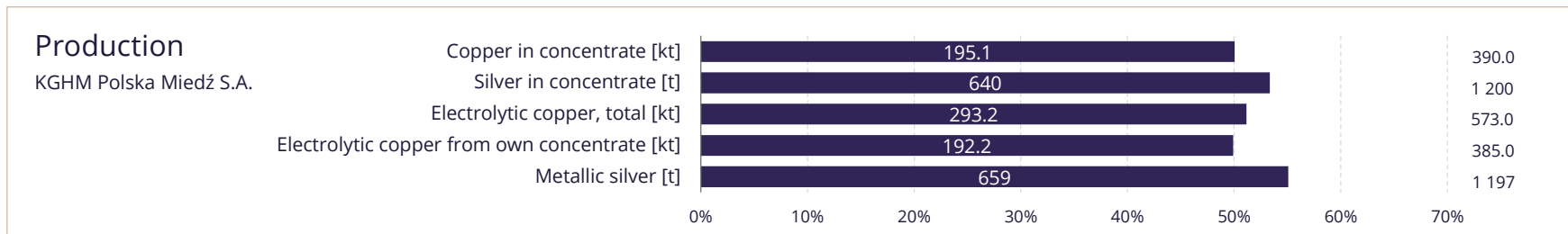
The Dividend Policy of KGHM Polska Miedź S.A. assumes that the Management Board will recommend allocation of **up to one-third of the Company's standalone net profit** for the previous financial year as a dividend, while taking into account the current and anticipated financial situation of the Company and the Group. In particular, in making its recommendation the Management Board will take into account the Company's anticipated requirements for capital to complete the Company's development program as well as a safe debt level for the Group.

* In the years 2015-2016 the company reported a net loss, mainly due to the impairment of assets. The dividend payout ratio for this period was calculated on the basis of the company's net result, after eliminating the impact of the impairments.

Group production and sales in H1 2021

Execution of annual targets

2021
Budget

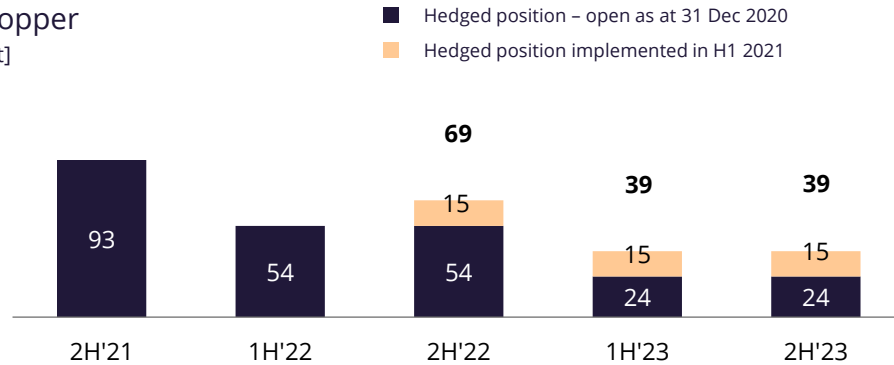


Market risk management

Hedged position on the copper market (as at 30 June 2021)

Copper

[kt]



In the first half of 2021 a seagull strategy was implemented for the period from July 2022 to December 2023 for a total of 45 thousand tonnes of copper.

An open position in derivatives on the copper market was also restructured:

- Call options were purchased for the period from March to December 2021 for the total notional amount of 155 kt, opening participation in potential further copper price rises for the seagull and corridor structures held
- The level of execution of structures hedging revenues from copper sales for the period from October to December 2021 for a total volume of 25.5 kt was raised

In the first half of 2021 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 936 million:

- -PLN 742 million adjusted revenues from contracts with customers (transactions settled to 30 June 2021)
- PLN 173 million decreased the result on other operating activities
- PLN 21 million decreased the result on finance activities

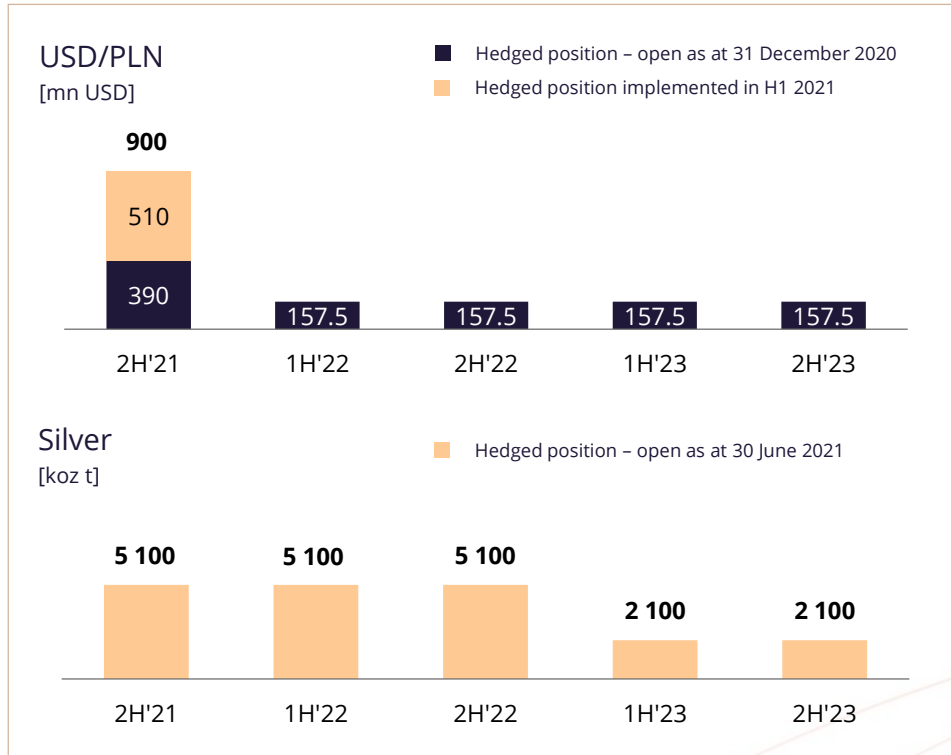
The fair value of open derivatives in KGHM Polska Miedź S.A. as at 30 June 2021 amounted to -PLN 1 463 million*

The revaluation reserve on cash flow hedging instruments as at 30 June 2021 amounted to -PLN 2 176 million

* excludes embedded instruments

Market risk management

Hedged positions on the currency, silver and interest rate markets (as at 30 June 2021)



In the first half of 2021 transactions were implemented on the forward currency market:

- Put options were purchased with maturities falling from February to December 2021 for the total notional amount of USD 870 million. These transactions were not designated as hedge instruments.
- Previously-sold put options were redeemed with a strike price of USD/PLN 3.20 for the notional amount of USD 495 million for the period from February to December 2021

A position on the forward silver market for the period from July 2021 to December 2022 was restructured. A portion of the notional, previously sold put options (11.7 million troy ounces) and call options (5.1 million troy ounces) embedded in seagull hedge structures was redeemed, while the level of execution of sold call options for 2022 (6.6 million troy ounces) was raised.

In the first half of 2021 there were no transactions entered into on the forward interest rate market.

As at 30 June 2021 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion.

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in H1 2021



1 036 mn PLN

CAPEX execution in H1 2021

2 853 mn PLN

CAPEX target for 2021

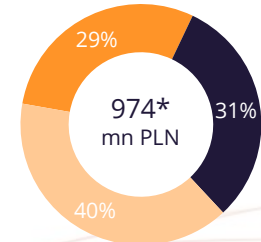
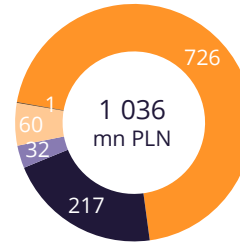
CAPEX execution in H1 2021

by area

- Mining
- Metallurgy
- Other activities
- Leasing IFRS 16
- Development - uncompleted

by category

- Replacement
- Maintaining mine production
- Development



*excl. Leasing per IFRS 16

Comparison: CAPEX and budget execution in H1 2020

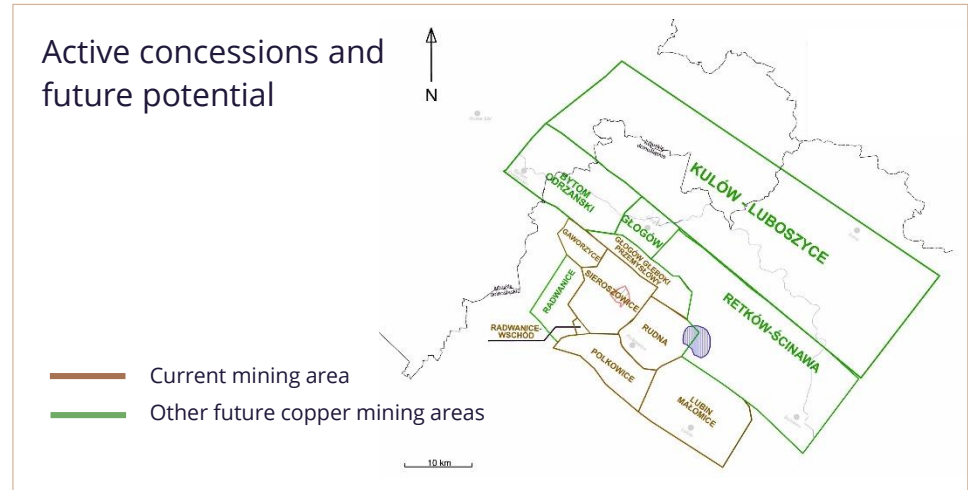
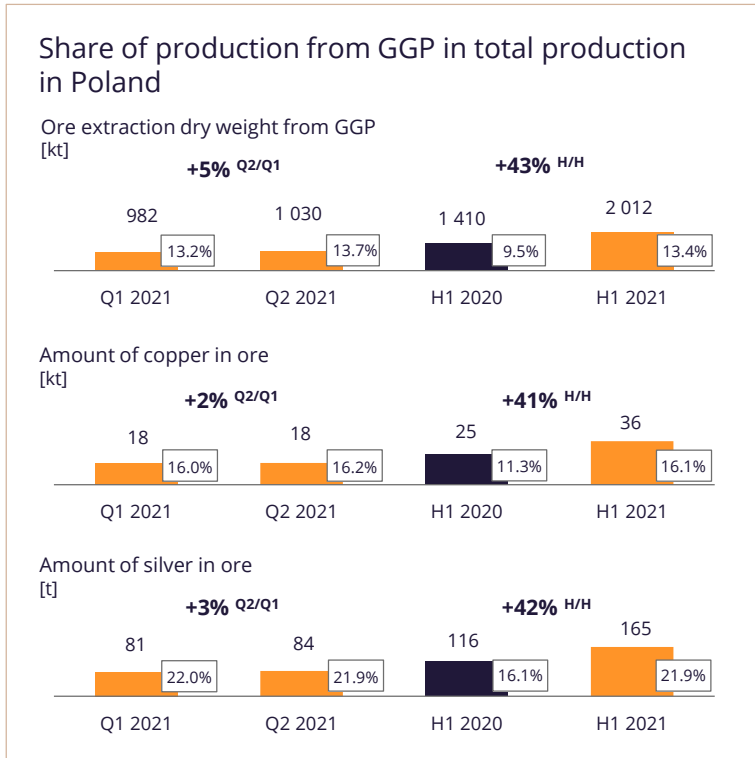


1 025 mn PLN
CAPEX execution in H1 2020

2 250 mn PLN
CAPEX budget target for 2020

Role of Deep Głogów (GGP) in maintaining output in Poland

Deposit access program in KGHM's concessioned areas

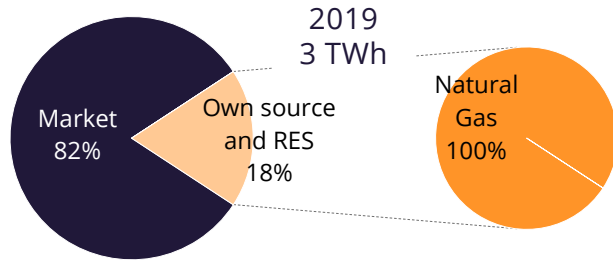


- The increase in ore extraction (+43%), as well as copper content (+41%), H1 2021 versus H1 2020 in the GGP area was due to a higher amount of development work in H1 2021 compared to H1 2020, as well as to the substantially higher share of development work in the orebody than in barren rock
- Planned start, pursuant to the concessions held, exploration work (searching for and assessing deposits) in the Bytom Odrzański area, as well as exploration of the Kulów-Luboszyce area

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

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

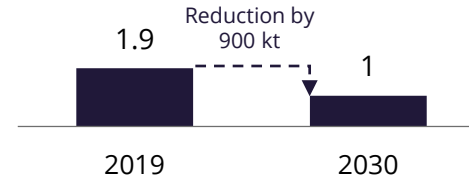
2019:



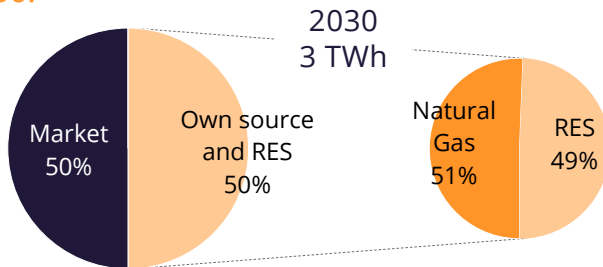
2020:

Own generation sources covered 22.42% of KGHM's total power needs in 2020 (almost 1.5% more than in 2019)

Estimated CO₂ emissions due to electricity consumption [mn tonnes]



2030:



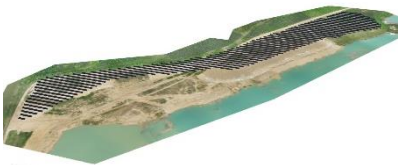
Implementation of the „Development of Energy generation, incl. RES“ Program alongside changes in the national energy system structure will enable the avoidance of approx. 900 kt of CO₂ annually

100% of electricity to be generated **by RES** in the **Sierra Gorda mine** from 2023

The first photovoltaic power plants projects

PVPP Piaskownia Obora

Installed power 8 MW
Estimated production 8.5 GWh



Projected avoided emissions over 25 years:

- CO2 more than 80 kt
- SOx more than 70 tonnes
- NOx more than 70 tonnes
- CO more than 30 tonnes
- PM more than 4 tonnes

PVPP HMG I-III complex

Installed power 6.5 MW
Estimated production 6.9 GWh



Projected avoided emissions over 25 years:

- CO2 more than 70 kt
- SOx more than 60 tonnes
- NOx nearly 60 tonnes
- CO more than 25 tonnes
- PM more than 3 tonnes

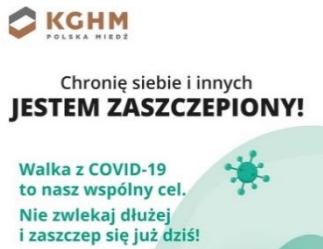


The first solar power plant in Poland based on Industry 4.0 technology built by KGHM ZANAM in Legnica

Sustainable development

COVID – consistent corporate messaging: It's worth getting vaccinated

We are effectively fighting the spread of the COVID-19 virus and fulfilling the expectations of KGHM's employees and of society



ASSISTANCE

In all of KGHM's Divisions information/registration points were set up to help employees register for vaccinations. Teams of experts also assisted with minor problems and answered questions about the registration system as well as about the details of the vaccination process.



ENCOURAGEMENT

Every vaccinated employee of KGHM Polska Miedź S.A. can take part in a competition with prizes of up to **PLN 10 000**. One simply has to answer the question „What for you was the deciding factor in getting vaccinated against COVID-19?”. The competition will last 12 weeks. Each week has a prize of 30 vouchers of PLN 500 and a cash prize of PLN 5 000. The total amount of prizes to be won is **PLN 250 000**.



VACCINATIONS

Vaccinations directly at the workplace – available both to employees and to citizens of local communities. In cooperation with the local hospital MCZ we have organised local vaccination points where anyone who wishes can be vaccinated against COVID-19 by selecting the particular vaccine desired. Since the end of July more than **660 persons** have taken advantage of this offer.



We produce copper responsibly

Achievements in 2021:



- The Głogów and Legnica smelter/refineries were certified by **The Copper Mark** – an international program providing a credible assurance framework to promote responsible production practices
- Expanded environmental reporting through the **CDP Climate Change** questionnaire, now including GHG¹⁾ Scope 3 emissions and climate risks – further data to be added following publication of the Climate Policy



Underway:



- Intensive work commenced on the **KGHM Climate Policy** which will comprise among others GHG reduction targets

Based on analyses carried out for the purposes of the Climate Policy, further means to improve the management of emissions and their reduction will be identified

The granting of The Copper Mark, participation in the CDP project, continued presence in the FTSE4Good index series and the ongoing work on the Climate Policy are expressions of the Company's sense of accountability for the environment and society.

These endeavours also serve to mobilise and commit us to even greater efforts to reduce our impact on the environment.

Employee safety as a strategic priority for the KGHM Group

H1 2021



Safety and development

- ISO 45001:2018

Granting of an Occupational Health and Safety Management System Certificate

- Leader's Gold Card of Workplace Safety

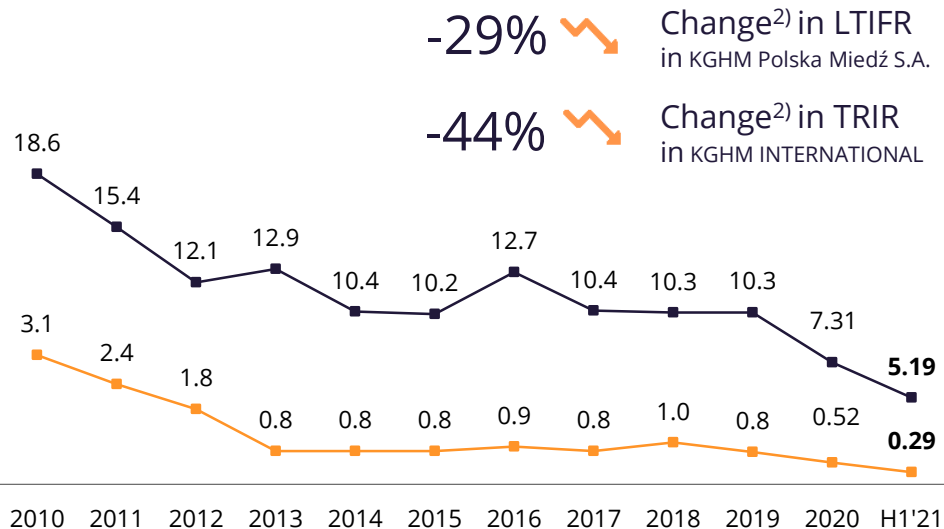
A 19% (h/h) decrease in the number of recognized accidents at work from 95 to 77 registered at the end of H1 2021

- Historically-low accident ratio

Thanks to the outstanding behaviour and commitment of all employees

■ TRIR in KGHM INTERNATIONAL LTD
■ LTIFR in KGHM Polska Miedź S.A.

Accident ratios¹⁾



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

2) Average accident rate for H1 2021 compared to the average for 2020

Copper - a strategic material

in a carbon neutral and circular economy



Metal in a circular economy

Nearly 50% of copper produced in the EU is obtained through recycling

Lower GHG emissions

While adding 0.4% GHG, copper contributes to reducing ca. 75% of emissions in EU society

22 million tonnes

Amount needed in the years 2020 – 2050 to make the European economy climate neutral

Carrier of valuable metals

Copper metallurgy is needed to handle and recover many other valuable materials present in electronics, batteries, etc.

Half a million people

Employed in the production and processing of nonferrous metals in Europe

Green Energy generation, sustainable transport

Copper's innovative potential: wind turbines, photovoltaics, energy distribution and storage; electric cars and charging point infrastructure

Raw materials a key to sustainable development

as well as care for the environment and ensuring life's comforts to employees and society



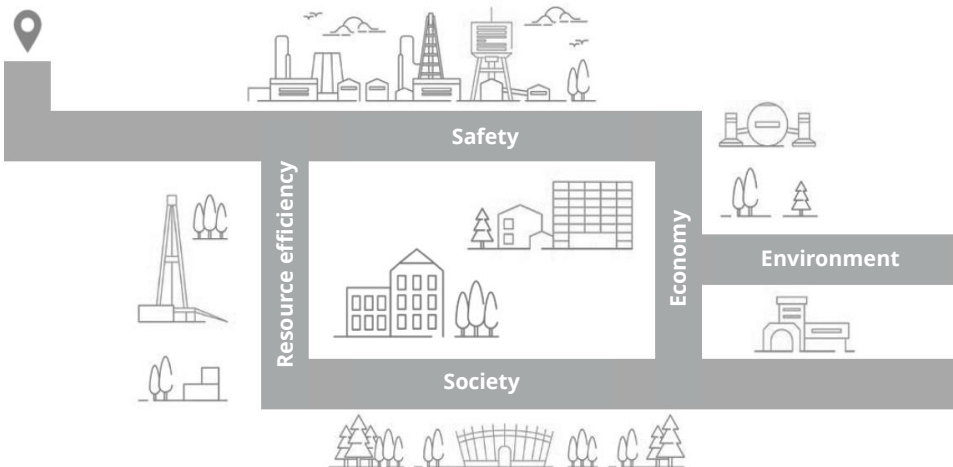
In working towards our goals we concentrate on creating added value while at the same time ensuring solid and lasting foundations for the business and its people as well as successes in the long term.



We want to wisely invest our profits in new technology, innovative solutions, best available practice and employee development. We are aware that the sustainable development of the raw materials sector has become a global challenge for the modern world.



FTSE4Good



We operate based on the principles of sustainable development, reflecting in our daily activities obligations tied to such areas as **Society**, the **Environment**, the **Economy**, **Safety** and **Resource efficiency**.



Sustainable value chain in the KGHM Group



Raw materials

Responsible use of raw materials while caring for natural resources

Extraction

Rational deposits management - Intelligent production solutions - KGHM 4.0

Production

Reduction of the environmental, product and organisational footprint

Logistics

Reduction of emissions, making logistics structures and procedures more efficient

Stakeholders

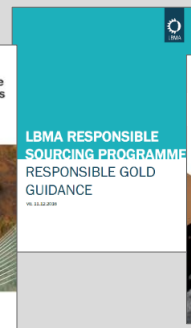
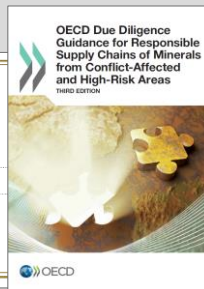
Customers, consumers and partners as guideposts for the Company's standards of responsible actions

Commerce

Commerce based on Fair Trade principles

Tailings

Product life cycles based on the Circular Economy and adherence to its principles at every stage of the value chain



Ethical standards

KGHM Polska Miedź S.A.

KGHM is a Company based on strongly-rooted values and principles, which guide our employees in their daily work

Zero harm, teamwork, results-oriented, accountability and courage – these values unite all of KGHM's employees, regardless of whether they work in a mine, processing plant or smelter, whether in Poland or anywhere else.

1



Good of people

2



Good of the company

3



Good of stakeholders

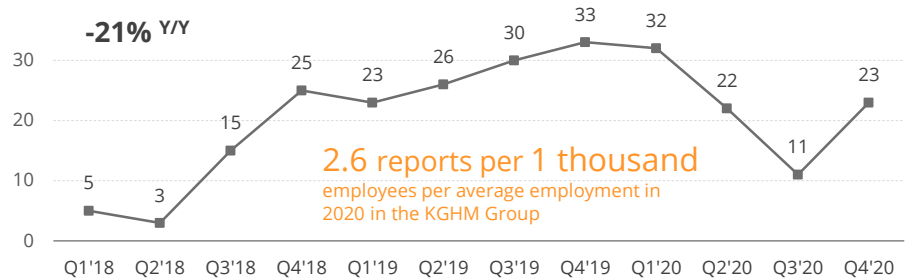
KGHM Ethics Hotline. Protection for whistleblowers.



- The Platform is available in four languages
- Available at <https://liniaetyki.kghm.com/web/liniaetyki/home> for employees, contractors and customers
- Enables anonymous reporting of violations
- Serves as an alternative channel to other forms of contact – telephone, email, traditional mail

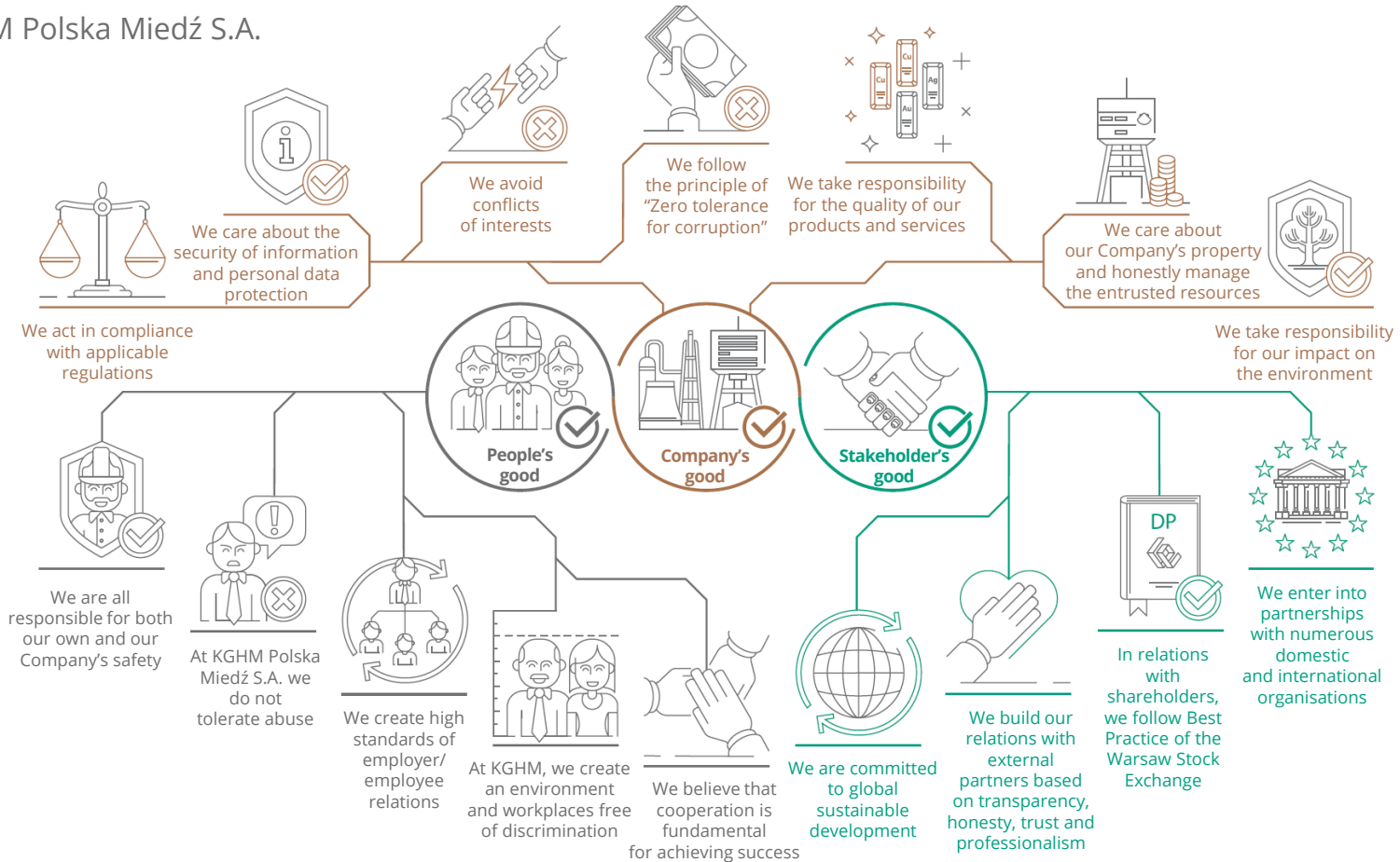
Number of reports of violations of ethical principles

[by quarter]



Ethical standards

KGHM Polska Miedź S.A.



Environmental protection

Primary obligations of KGHM Polska Miedź S.A.



We supply metals and related products in order to achieve the environmental goals of contemporary society, including actions on behalf of the climate and efficient energy use



We keep abreast of new technologies to reduce industrial impact on the environment and introduce them according to our needs and possibilities



We minimise waste generation and are constantly developing techniques to manage waste in order to achieve the greatest degree of environmental protection



We strengthen our employees' sense of accountability to protect the environment



We apply the principles of responsible management of chemicals introduced by the EU's REACH and CLP regulations



We conduct objective, open and respectful dialogue with our local communities and appropriate government bodies concerning the environment



We operate our installations in compliance with the environmental permits held. We monitor emissions to the air, water and soil. We minimise the utilisation of limited resources, such as soil, water and energy

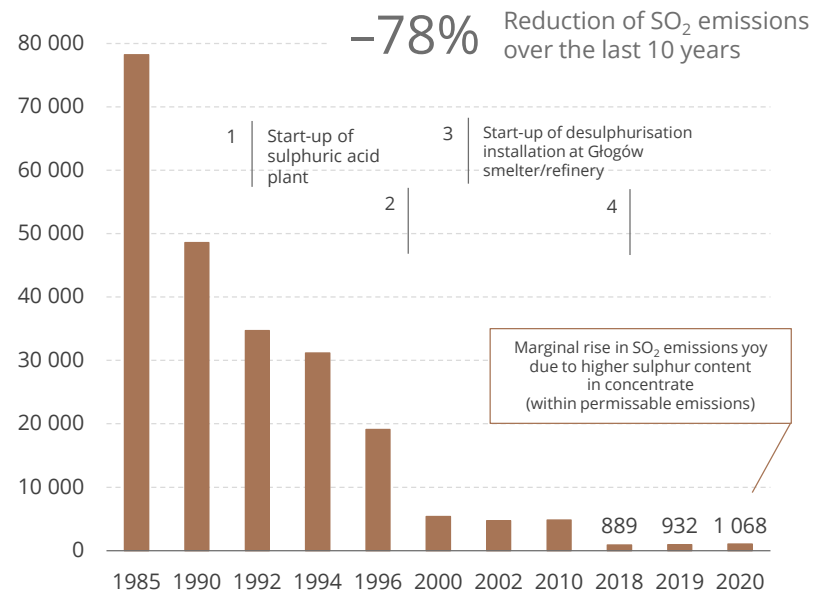


We actively strive to preserve and, if unavoidable, to restore losses of biological diversity, as well as to responsibly manage our earth, its forests and water

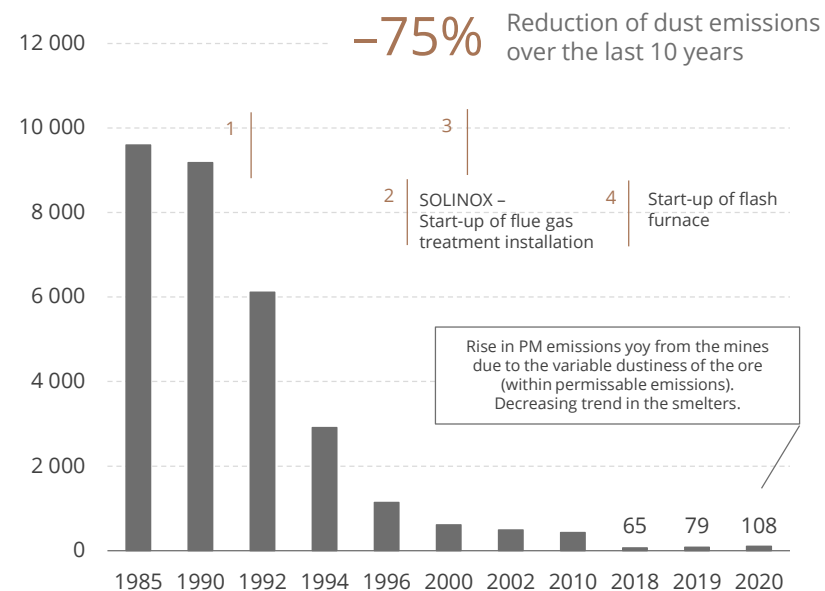
Emissions by the divisions of KGHM Polska Miedź S.A.

SO₂ and dust emissions¹⁾

SO₂ emissions by KGHM Polska Miedź S.A.
[tonnes]



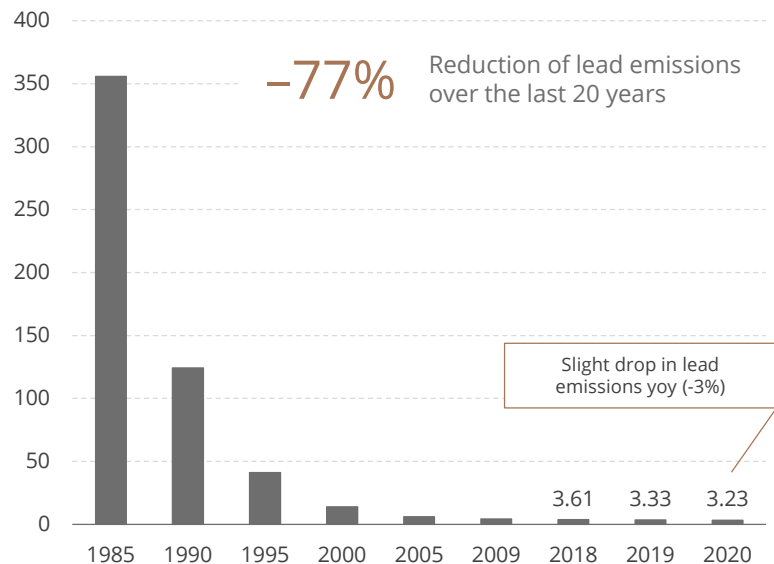
Dust emissions by KGHM Polska Miedź S.A.
[tonnes]



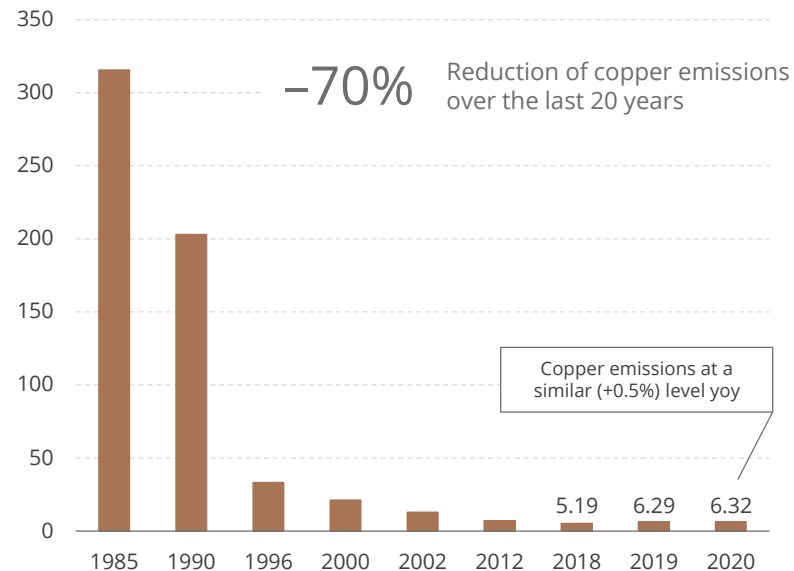
Emissions by the divisions of KGHM Polska Miedź S.A.

Lead and copper emissions

Lead emissions by KGHM Polska Miedź S.A.
[tonnes]

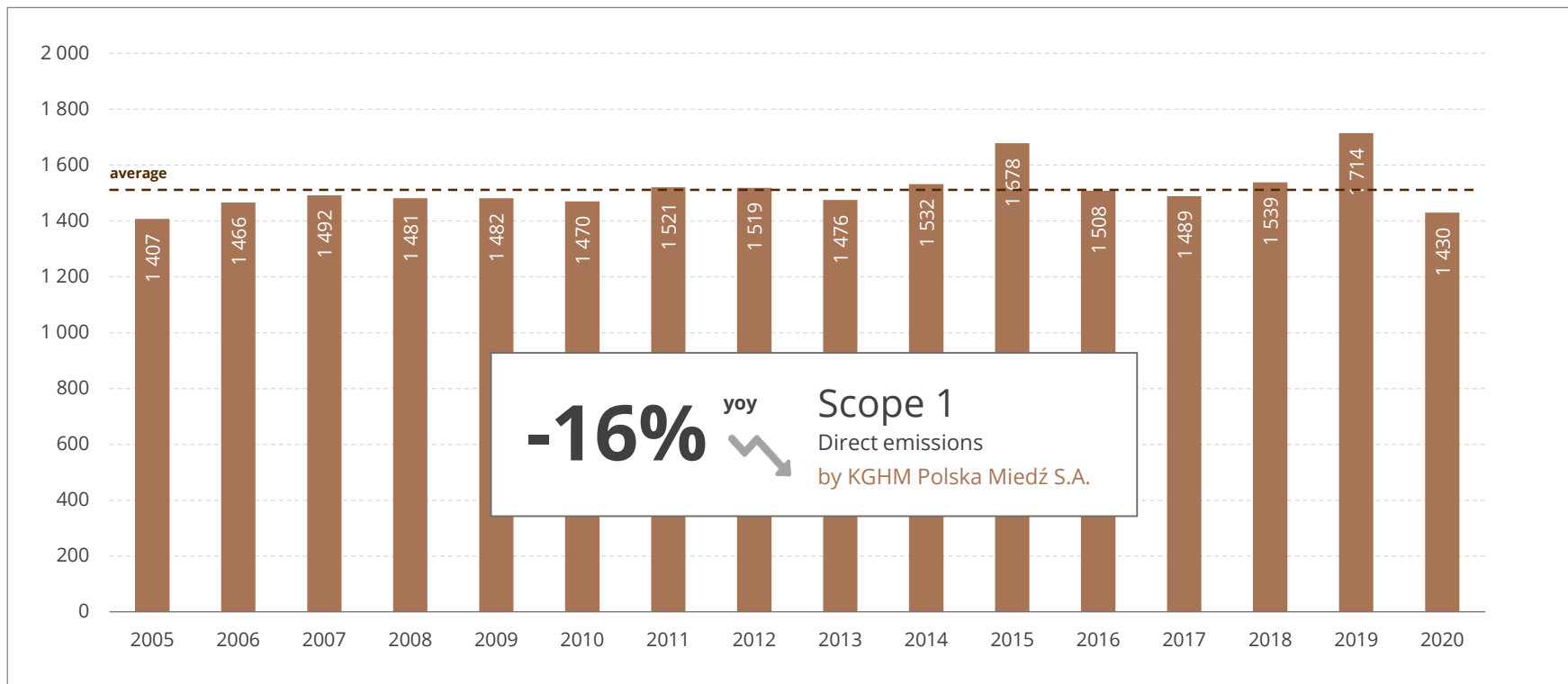


Copper emissions by KGHM Polska Miedź S.A.
[tonnes]



CO₂ emissions by KGHM Polska Miedź S.A.¹⁾

ETS²⁾ direct emissions + non-ETS equivalent [kt CO₂]



1) For further information, including on Scope 2 emissions, please see our Non-financial Report
 2) ETS – European Union Emission Trading Scheme



ECOLOGY

4E Strategy pillar

WE ARE PREPARING A CLIMATE POLICY

The KGHM Group has committed to preparing a Climate Policy which will comprise medium-term (2030) and long-term (2050) quantitative goals, including among others:

- decreases in GHG emissions (Scope 1, 2 and 3)
- improved energy efficiency and greater use of renewable energy sources
- an increase in the share of products associated with activities which meet the criteria of making a substantial contribution to climate change mitigation or climate change adaptation



Reasons to invest in KGHM

A leading player on the copper and silver market in terms of mine output and size of documented resources, in mining-friendly jurisdictions

A diversified portfolio of assets at various stages of development to guarantee continued operations

A reliable producer, a trusted business partner and a company committed to sustainable development

Experienced management with a proven track record of success

A solid outlook for the copper market in the medium-to-long term

A rational leveraging policy with a safe level of the net debt/EBITDA ratio and long-term financing ensured through the Bond Issue Program



Investor Relations Department

<https://kghm.com/en/investors>

ir@kghm.com | esg@kghm.com

T +48 76 74 78 280 | F +48 76 74 78 205



Supporting slides

The KGHM Group vs the sector

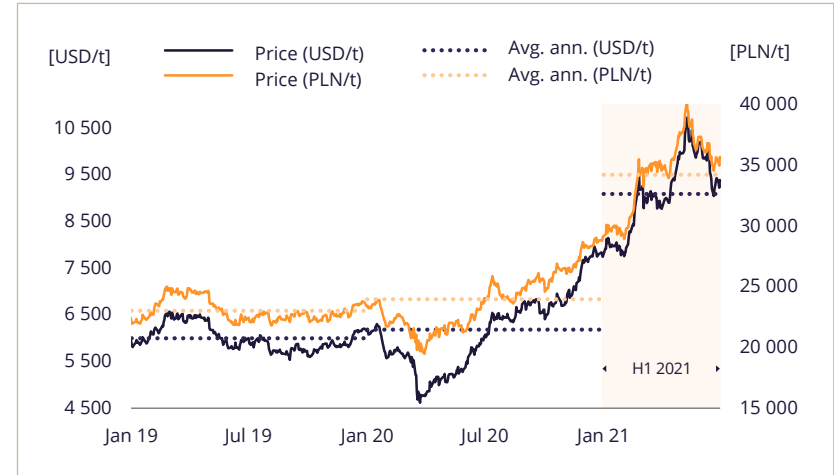
Macroeconomic environment – H1 2021

Macroeconomic environment

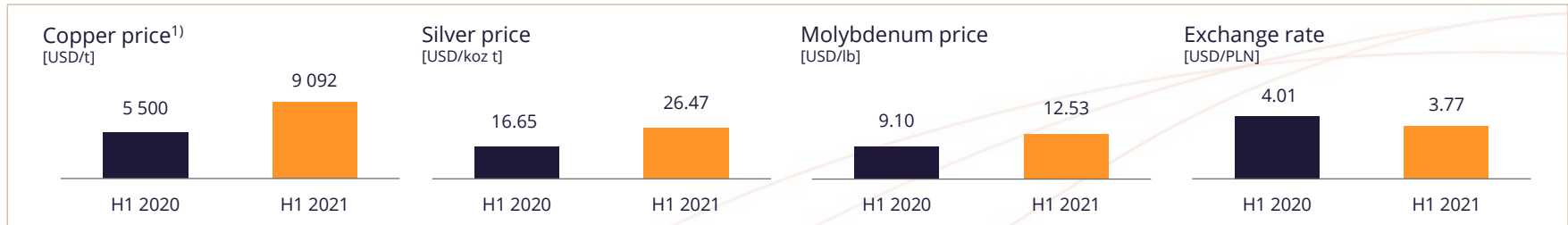
Commodities and currencies prices

Copper prices reached a historic daily fixing maximum on 10 May of 10 724.5 USD/t. The average copper price amounted to over 9 000 USD/t.

- The average price of copper in the first half of 2021 was higher by 65%, and molybdenum by nearly 38% compared to the comparable period of 2020
- The average price of silver in the first half of 2021 was 59% higher than in the first half of 2020
- The average price of copper in PLN was nearly 56% higher than in the first half of 2020, while the impact of the USD-denominated copper price increase was offset by the appreciation of the USD/PLN exchange rate (a decrease by -6% y/y)



Source: Thomson Reuters, KGHM Polska Miedź S.A.

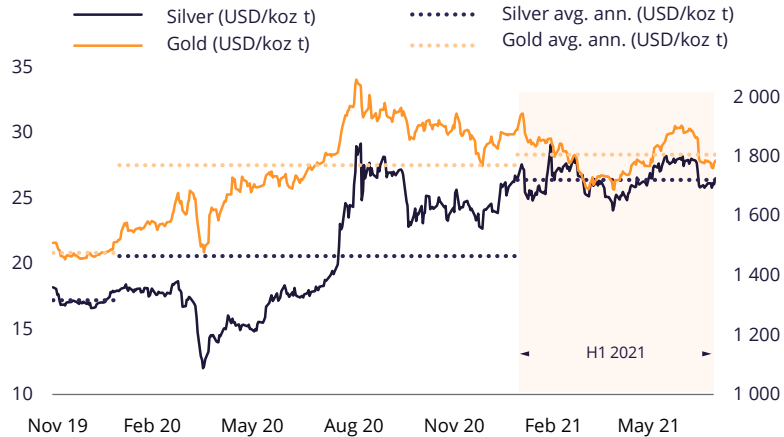


1) The average *cash settlement* price of copper

Precious metals prices in H1 2021

The first half of 2021 was a calm time for these metals compared to the price volatility of 2020

Silver in H1 2021 remained stably above 25 USD/koz t



After the volatility of 2020 the gold/silver ratio fell below the long term average



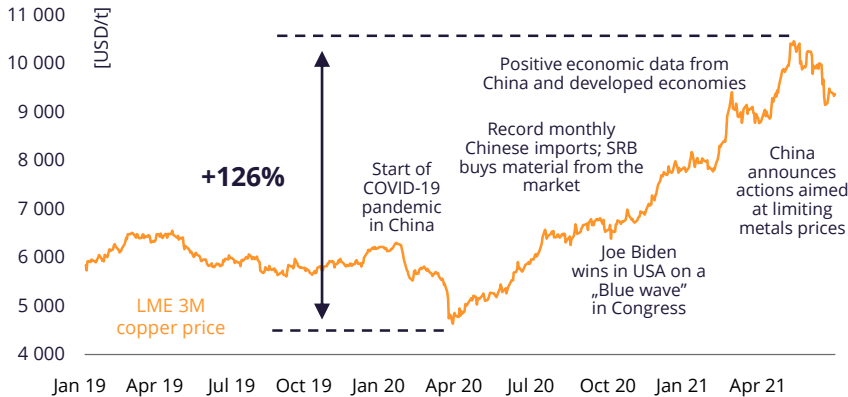
Source: Bloomberg, KGHM Polska Miedź

- The price of gold found support around 1 700 USD/koz t, and following a bounce from this level returned to around 1 800 USD/koz t. Silver similarly in the first half of 2021 found support at 24 USD/koz t, after which it remained at approx. 26 USD/koz t.
- The important gold/silver ratio – indicating the over-valuation or under-valuation of gold to silver – after reaching record levels in the first half of 2020, decreased and remains below its 5-year average
- In the first half of 2021 institutional demand for silver, mainly seen in the inflow of funds to ETFs, was lower than private demand, expressed in the demand for silver coinage in the form of *Silver Eagles*, which appreciated by 67.6% y/y

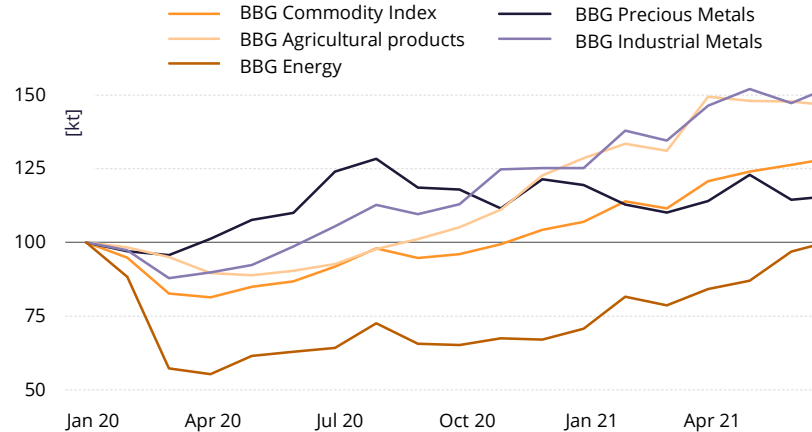
Copper prices more than double that of the minimum in spring 2020

Commodities price index already 25% higher than prior to the pandemic

Over the course of 12 months the copper price rose by 126% and reached a historic maximum on 10 May



The industrial metals price index has risen by more than 50% since the start of 2020

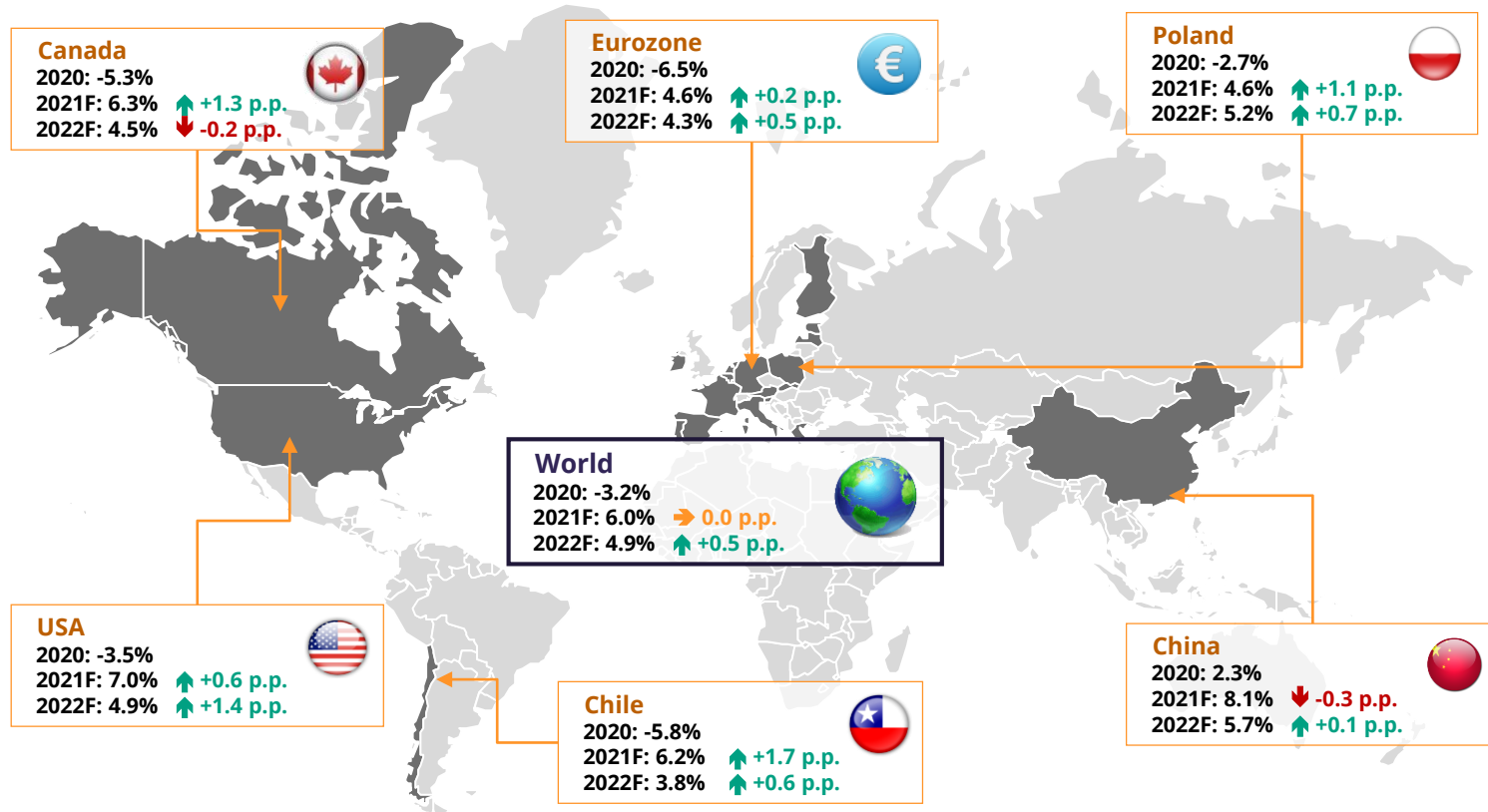


Source: Bloomberg, KGHM Polska Miedź

- In Q1 2020, as a result of the collapse caused by the COVID-19 pandemic, prices reached a multi-year minimum
- The victory of Joe Biden and the Democrats in the USA in Q4 2020 and purchases of the metal by China's Strategic Reserves Agency supported the rise in copper prices
- The creation of effective vaccines against the coronavirus and the start of vaccination campaigns at the end of 2020 gave an additional impulse to the red metal

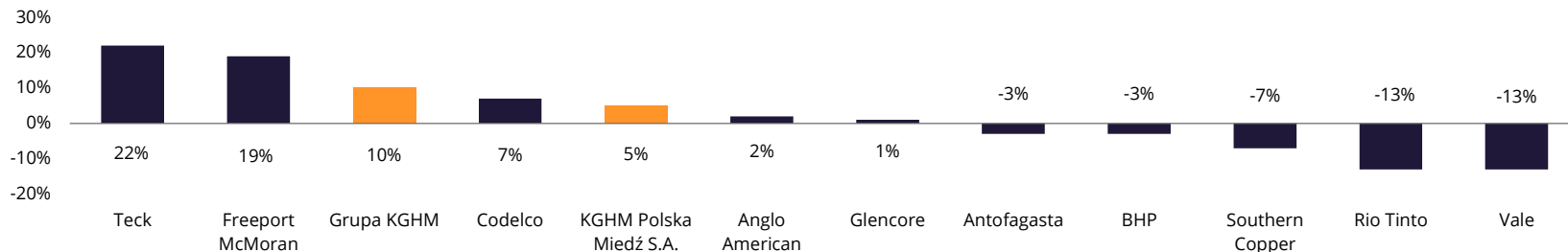
- The Bloomberg commodities prices index at the end of June 2021 reached its highest level in nearly 8 years
- Most commodities price indices made up the losses incurred during the pandemic by the end of the first half of 2021
- Because of the fall in the price of crude oil, the largest losses were incurred by the Energy index (up to -50%), but it also returned to the level from the start of 2020

Economic growth forecast of the IMF from July 2021

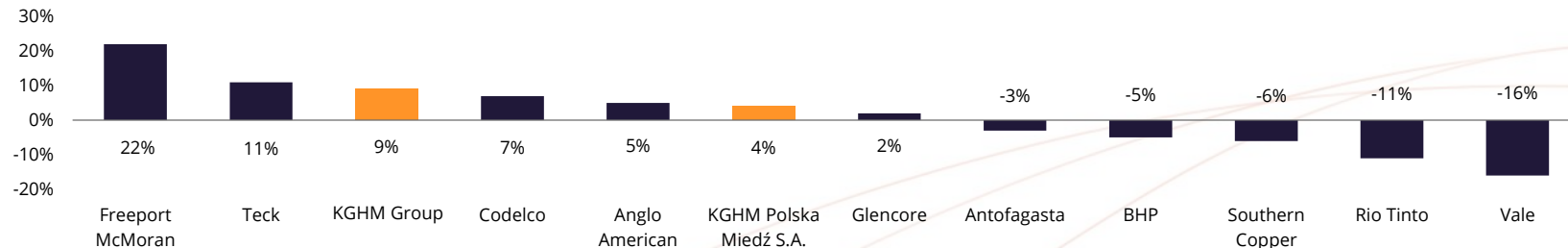


The production of miners in H1 2021

Copper production by miners, Q2 2021 vs Q2 2020



Copper production by miners, H1 2021 vs H1 2020



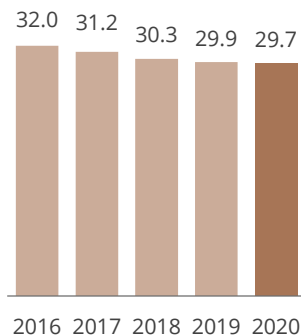
Production and financial results of the KGHM Group

5 years data

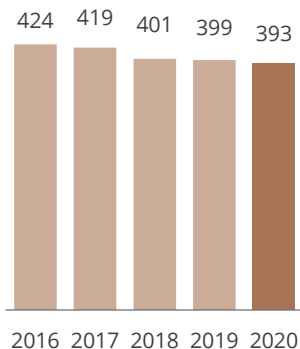
Key production data – 5 years

KGHM Polska Miedź S.A.

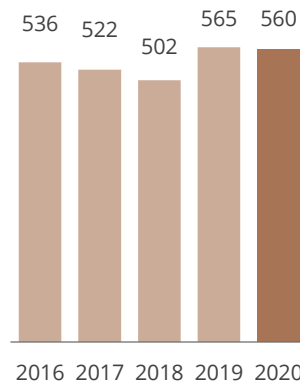
Ore extraction
[mn t dry weight]



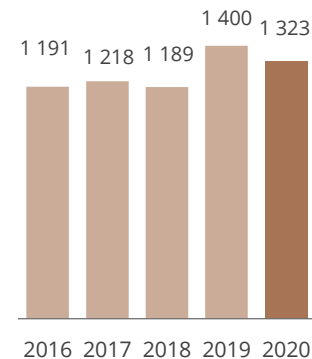
Production of copper
in concentrate
[kt]



Production of
electrolytic copper
[kt]

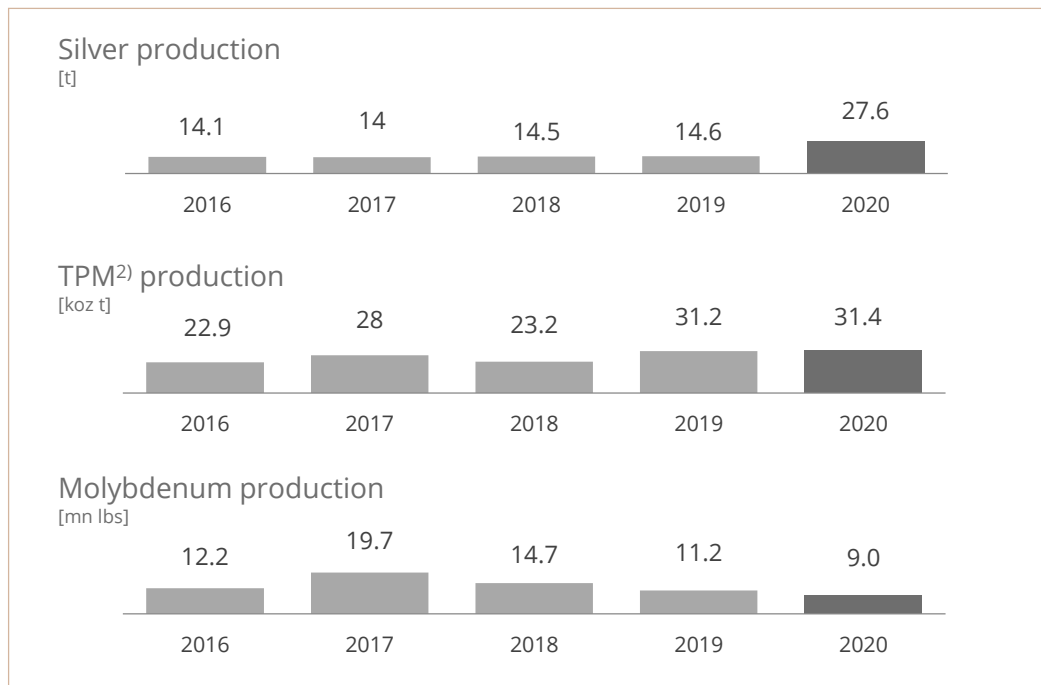
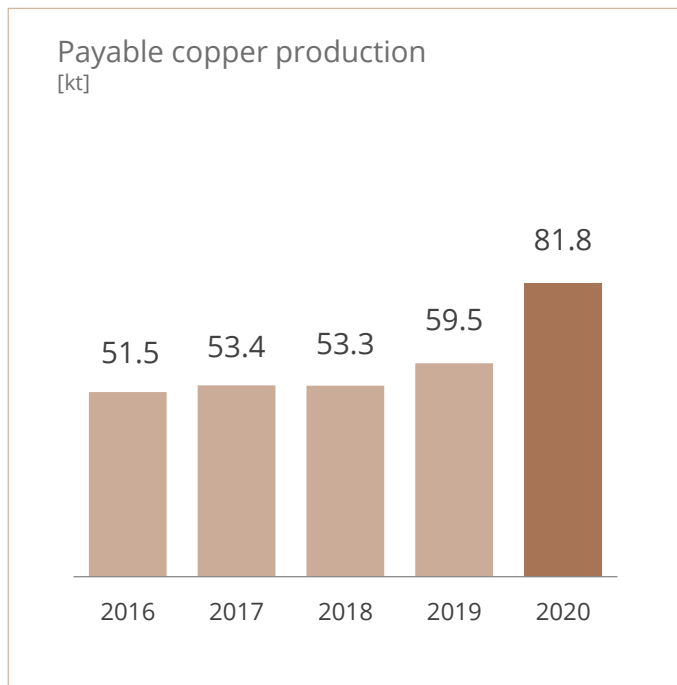


Metallic silver production
[t]



Key production data – 5 years

Sierra Gorda¹⁾

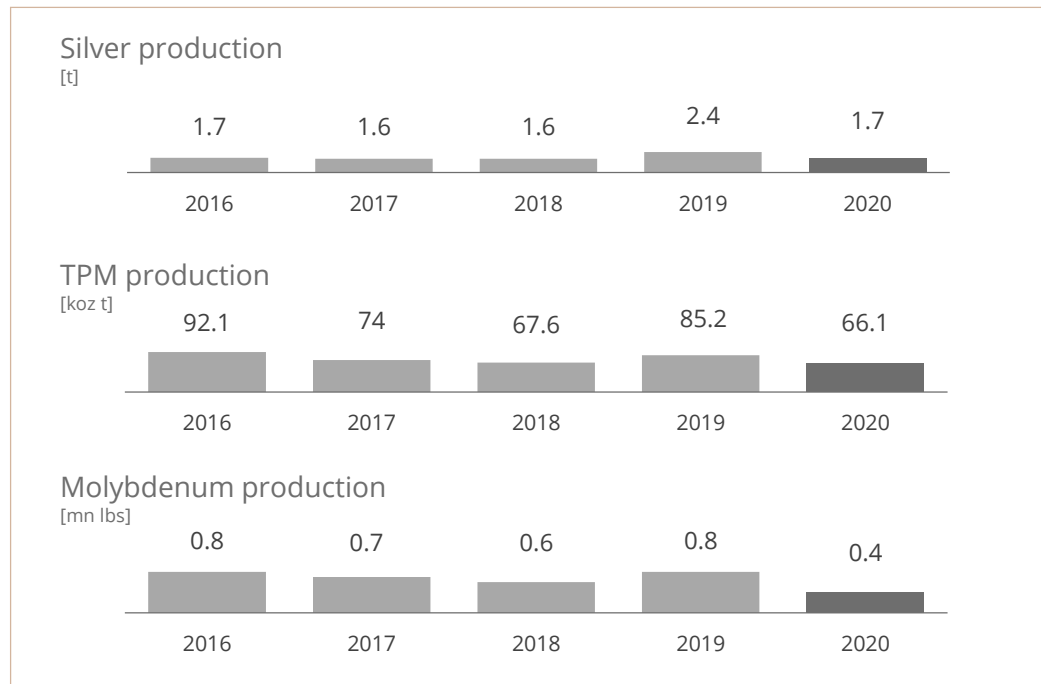
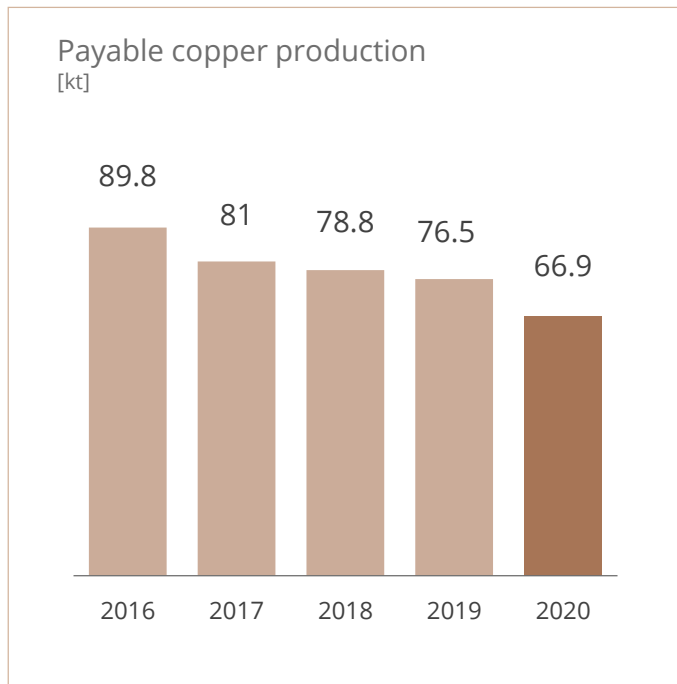


1) Pursuant to interest held (55%); production data – 5 years (since production start)

2) TPM – Total Precious Metals, comprising gold, platinum and palladium

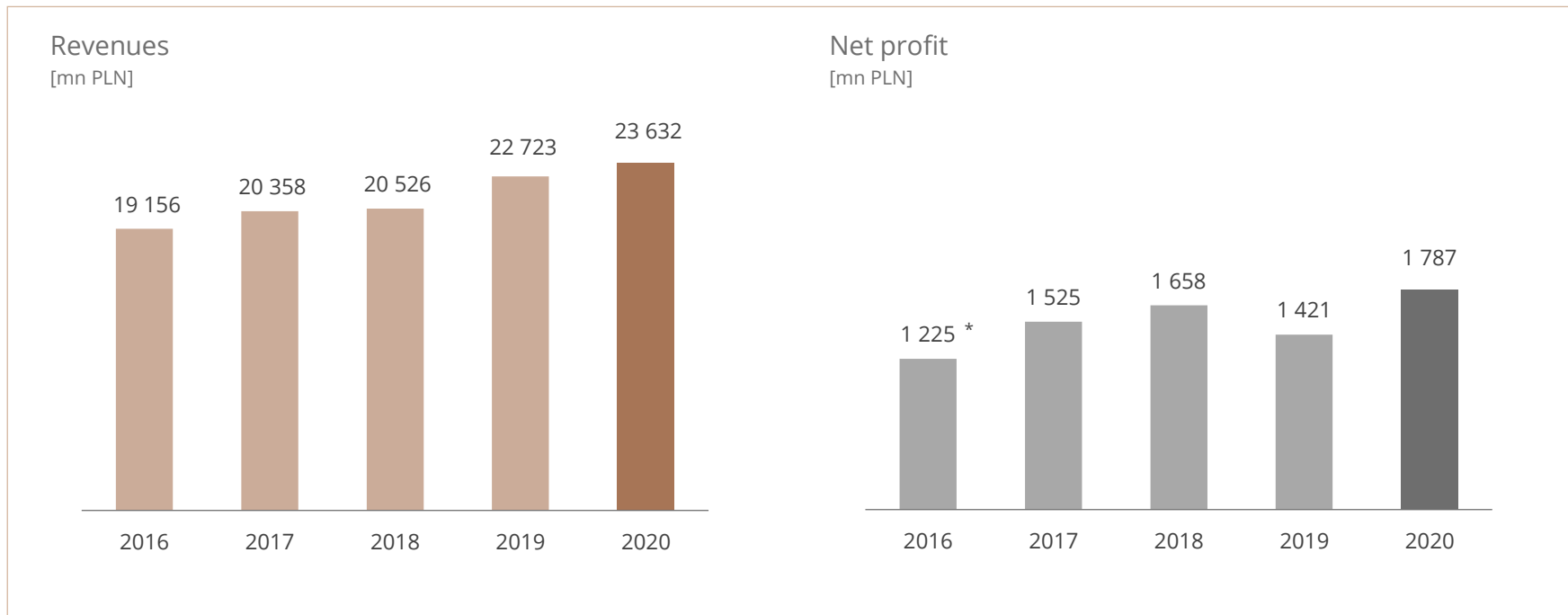
Key production data – 5 years

KGHM INTERNATIONAL



Sales revenue and net profit – 5 years

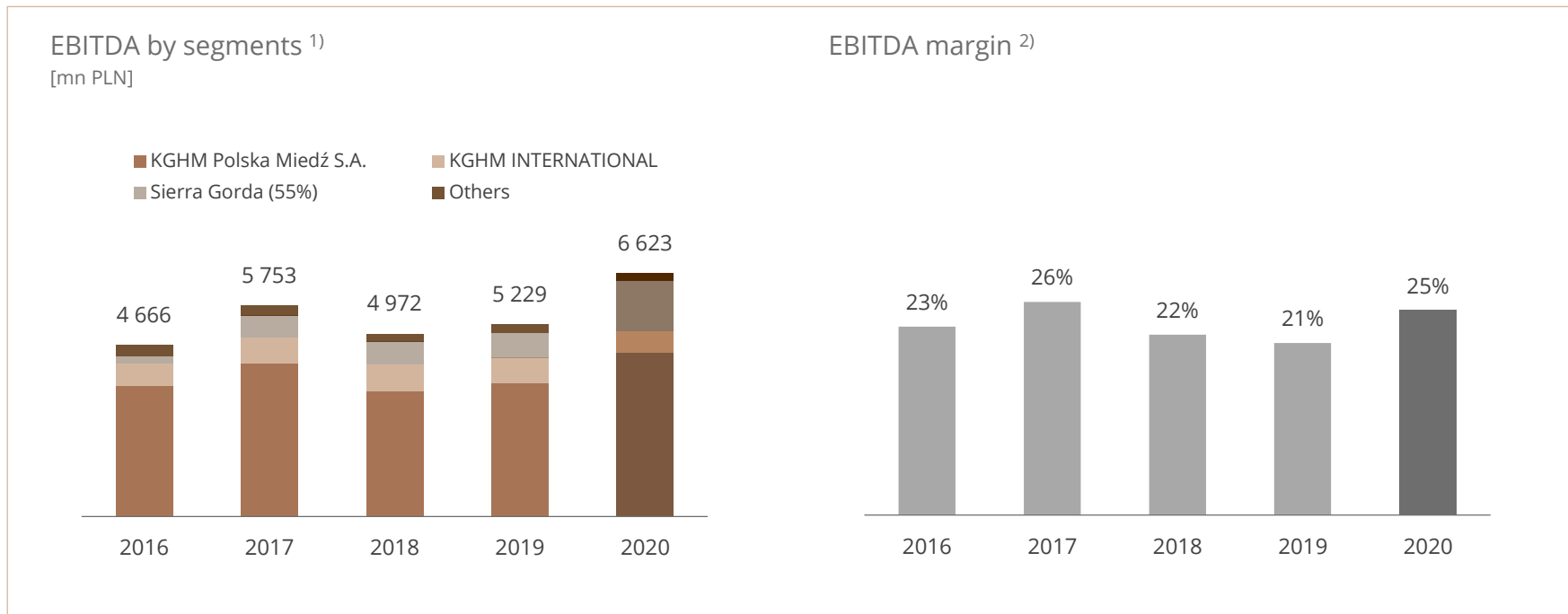
KGHM Group



* Net profit of 2016 excluding impact of impairment of non-current assets, loans and impairment recognised in the loss from the valuation of joint ventures using the equity method

EBITDA and EBITDA margin – 5 years

KGHM Group

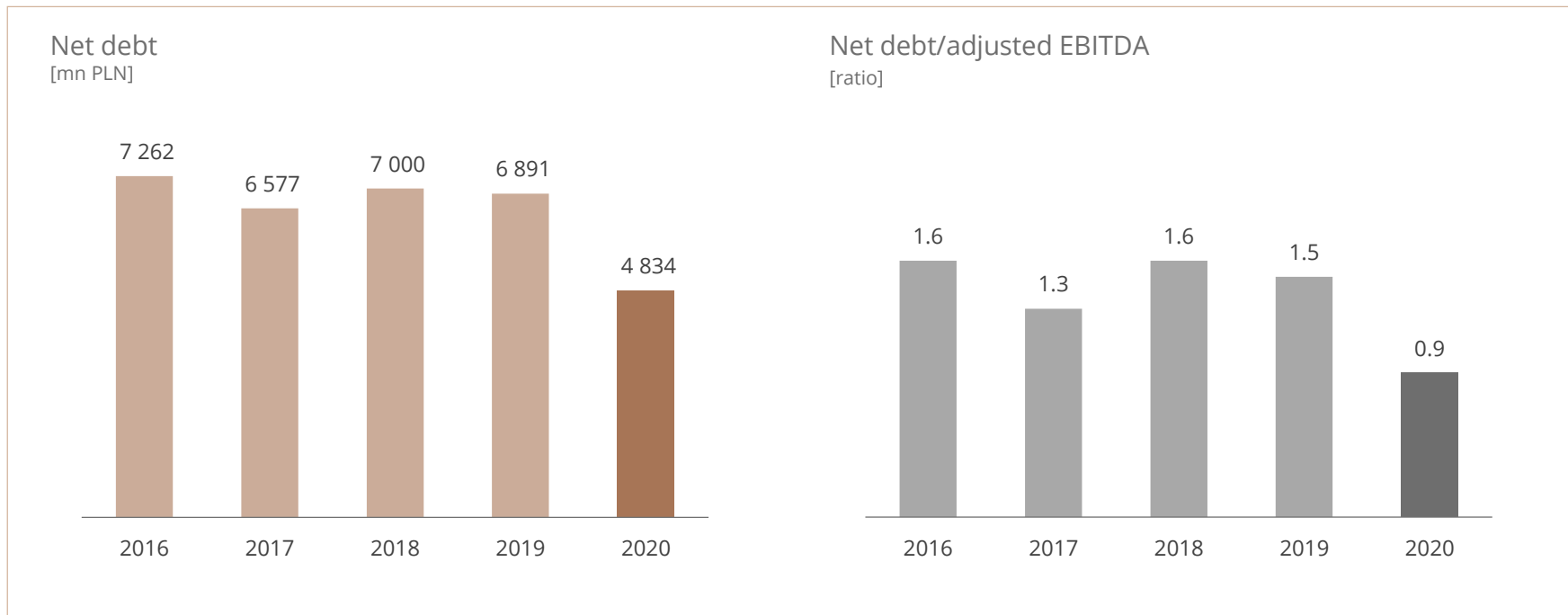


1) Sum of segments; adjusted EBITDA = EBITDA (profit/(loss) on sales + depreciation/amortisation) adjusted by impairment losses on non-current assets

2) Adjusted EBITDA to revenues from sales. For the purposes of calculating the Group's EBITDA margin, the consolidated revenues from sales were increased by revenues from sales of the segment Sierra Gorda S.C.M. e.g. for 2019: $[5\,229 / (22\,723 + 2\,002) * 100]$

Net debt and net debt/EBITDA ratio – 5 years

KGHM Group



Basic items of the consolidated financial statements

KGHM Group

Consolidated data ^[unless otherwise indicated]		2016	2017	2018	2019	2020
Sales revenue	[mn PLN]	19 156	20 358	20 526	22 723	23 632
Adjusted EBITDA	[mn PLN]	4 666	5 753	4 971	5 229	6 623
Profit/(loss) for the period	[mn PLN]	-4 449	1 525	1 658	1 421	1 797
Total assets	[mn PLN]	33 442	34 122	37 237	39 409	42 780
Liabilities and provisions	[mn PLN]	17 531	16 337	18 012	19 207	21 699
Earnings per share (EPS) ¹⁾	[PLN]	-20.42	6.62	10.13	6.32	8.90
Dividend per share (DPS) ²⁾	[PLN]	1.00	x	x	x	TBA
Net debt/EBITDA ³⁾	[ratio]	1.6	1.3	1.6	1.5	0.9
Payable copper production ⁴⁾	[kt]	677	656	634	702	709
Payable silver production ⁴⁾	[t]	1 207	1 234	1 205	1 417	1 352
Concentrate production cost C1 ⁴⁾	[USD/lb]	1.41	1.59	1.81	1.70	1.59
Cash expenditures on property, plant, equipment and intangible assets ⁵⁾	[mn PLN]	2 604	1 991	1 907	2 366	2 331

1) Attributable to shareholders of the Parent Entity

2) Dividend for the financial year

3) Adjusted EBITDA for the year, excluding EBITDA of the joint venture Sierra Gorda S.C.M.

4) Comprises Sierra Gorda S.C.M. pursuant to interest held (55%)

5) For KGHM Polska Miedź S.A.

Production and financial results of the KGHM Group

FY 2020

Summation of the year 2020 in the KGHM Group

Main macroeconomic factors and aspects of the Group in the age of the COVID-19 pandemic compared to 2019

Macroeconomic environment¹⁾

+3%

Copper price

+27%

Silver price

+2%

Stronger USD vs the PLN

Production and C1 cost

+1.1%

Copper production

-4.5%

Silver production

-6.5%

C1 cost

Financial results

+4%

Increase in revenues to
PLN 23 632 mn

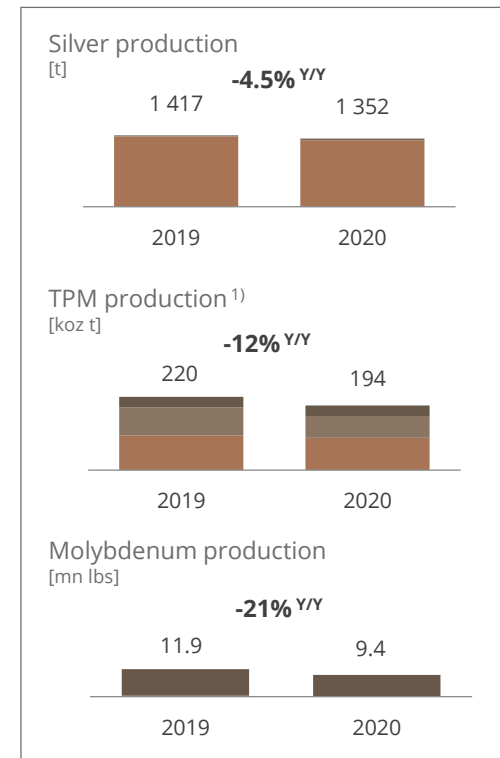
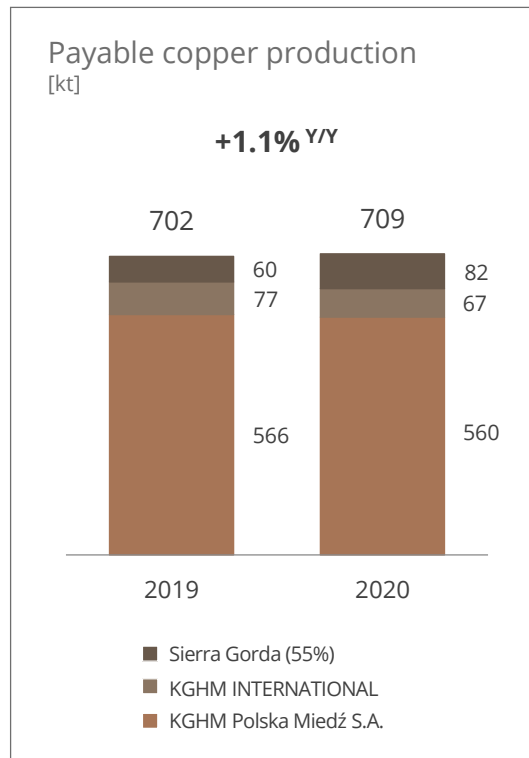
+27%

Increase in EBITDA²⁾ to
PLN 6 623 mn

Metals production

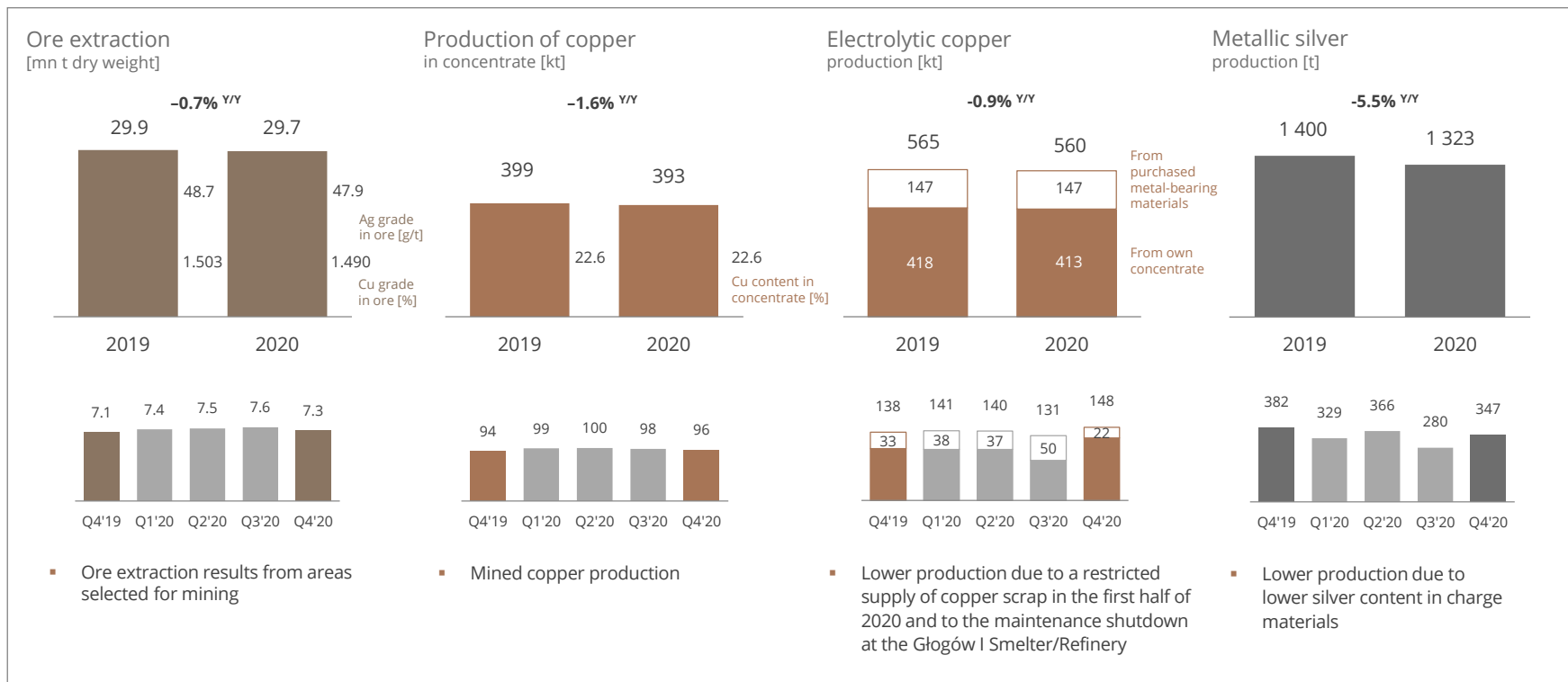
KGHM Group

- Slightly lower production vs 2019:
 - by **KGHM Polska Miedź** due to the lower grade and thickness of the mined deposit, as well as due to the restricted supply of copper scrap in the first half of 2020
 - by **KGHM INTERNATIONAL** due to lower production by the Franke mine (lower quality ore, lower recovery) and the Sudbury Basin (lower extraction from deposits rich in TPM); in Q1 2019 extraction from the Morrison mine was suspended
- Higher copper production by the **Sierra Gorda** mine due to a higher volume of ore processed, higher recovery and a higher copper grade in ore,
- Lower molybdenum production both by Sierra Gorda (extraction of ore with a lower Mo grade and lower recovery), and by Robinson (extraction of lower-quality ore)



Production results

KGHM Polska Miedź S.A.



Production initiatives implemented in KGHM Polska Miedź S.A.

Full integration of processes in management of the supply chain

Integrated planning of material needs

- Implementation of an integrated material planning system based on the structure of where costs arise
- Implementation of systemic tools to evaluate deviations from the execution of plans in real time
- Organisation and restriction of materials base indices utilised in planning and deliveries

Management of an integrated procurement and materials utilisation system

- Construction and integration of IT tools supporting the process of ordering materials from suppliers
- Monitoring of integrated materials utilisation processes
- Utilisation of advanced analytical models in the area of materials utilisation

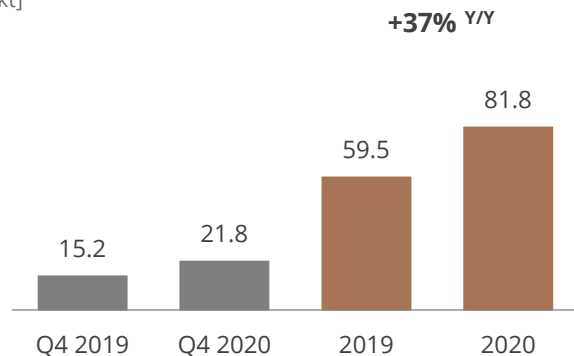
Integrated management of inventories

- Digitalisation and automatisisation of the processes of distribution and replenishment of inventories using EDI (Electronic Data Interchange) and VMI (Vendor Managed Inventory)
- Systemic forecasting and modelling of inventories levels based on historic utilisation as well as actual and announced needs
- Transfer of RW documents to electronic form

Production results

Sierra Gorda¹⁾

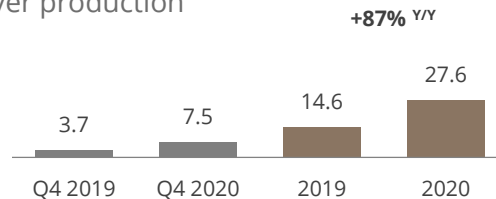
Payable copper production
[kt]



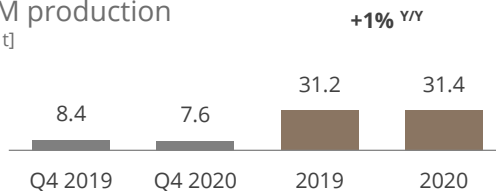
Higher than expected copper production in 2020

- Higher payable copper production in 2020 versus 2019 thanks to higher ore throughput, improved recoveries and higher metal content in mined ore

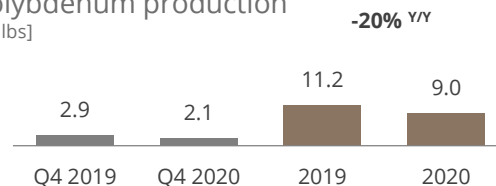
Silver production
[t]



TPM production
[koz t]



Molybdenum production
[mn lbs]

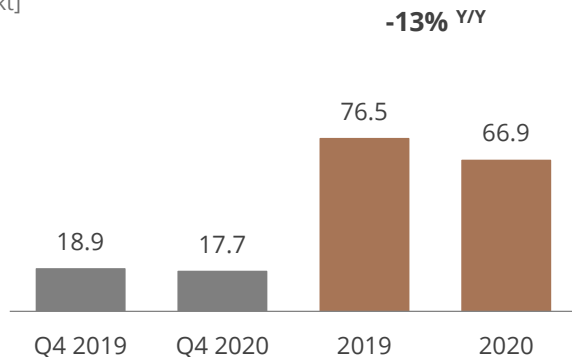


- Higher extraction by the Sierra Gorda mine led to higher production of copper, silver and gold in 2020 compared to 2019
- Lower molybdenum production due to extraction in areas with lower molybdenum content compared to ore extracted in prior periods; this factor was partially offset by higher ore throughput

Production results

KGHM INTERNATIONAL

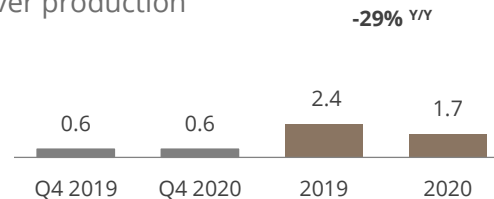
Payable copper production
[kt]



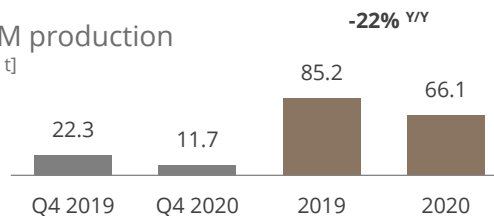
Copper production lower by 6.5% than targeted in the 2020 budget

- Lower production mainly by the Franke mine (lower-quality ore extracted – high carbonates content in the deposit), the Sudbury Basin (lower extraction and lower copper content in ore) and by the Robinson mine (extraction of lower copper-grade ore)

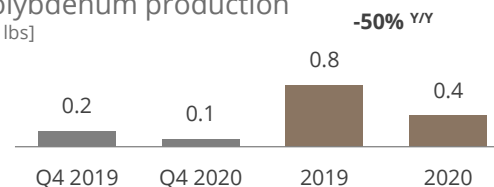
Silver production
[t]



TPM production
[koz t]



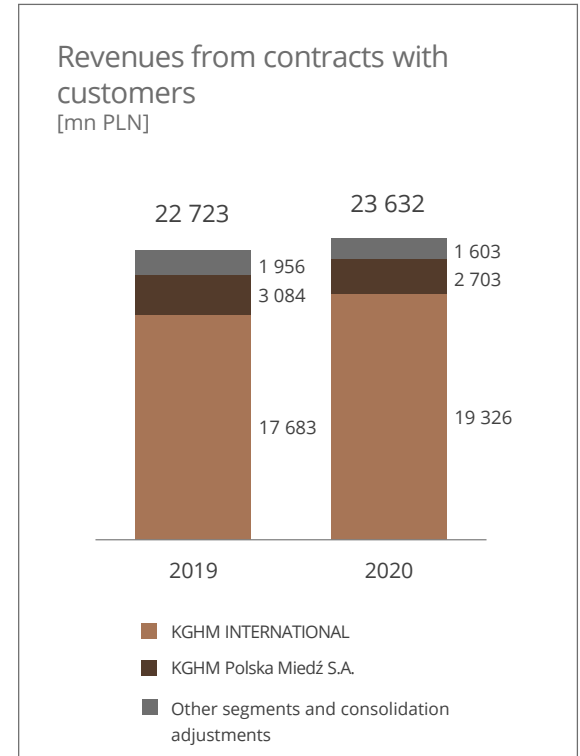
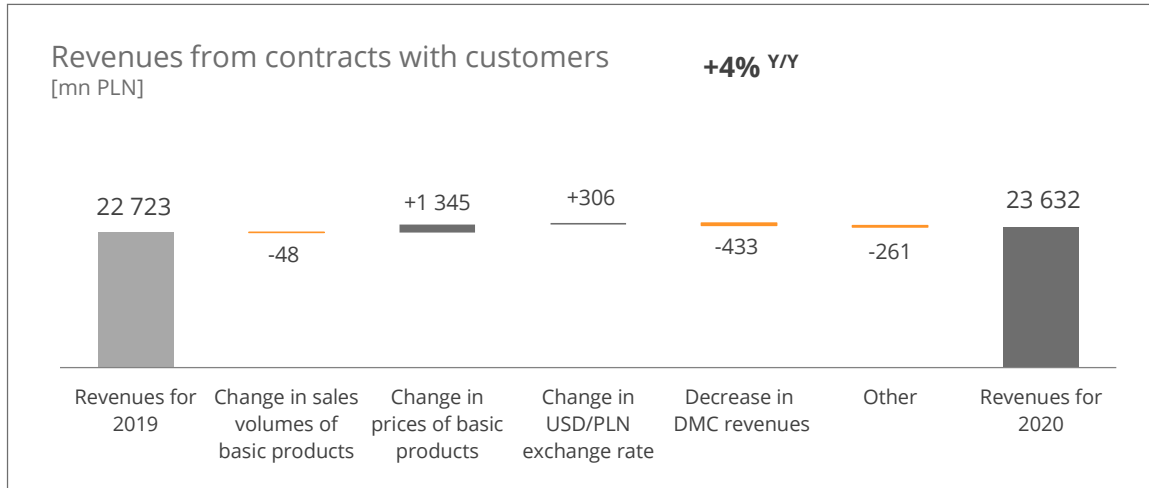
Molybdenum production
[mn lbs]



- Lower silver production in the Sudbury Basin due to lower extraction and lower silver content in ore
- Lower gold production by the Robinson mine (lower gold content in ore, lower recovery) and TPM in the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production by the Robinson mine due to mining lower-quality ore from a transitional zone, with lower recovery due to higher clay minerals content

Sales revenue

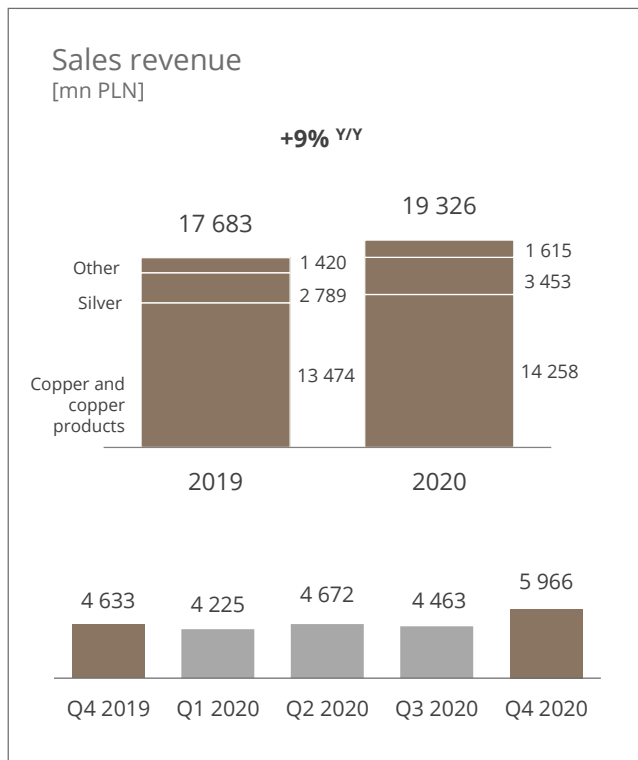
KGHM Group



- Higher revenues by PLN 909 million (+4%) versus 2019 due to higher prices for basic products and to a change in the USD/PLN exchange rate, partially offset by lower revenues from the sale of services by DMC due to the suspension of work on the Woodsmith (previously Sirius) project

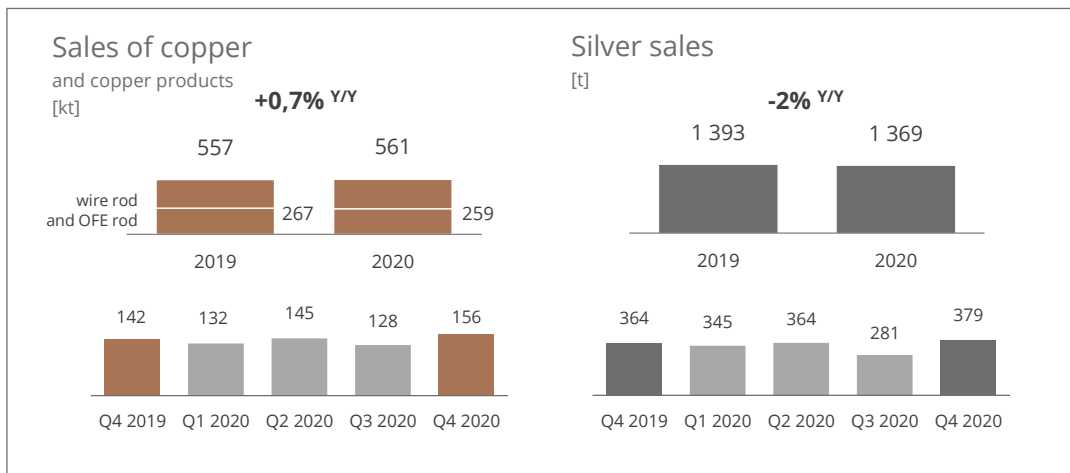
Sales revenue

KGHM Polska Miedź S.A.

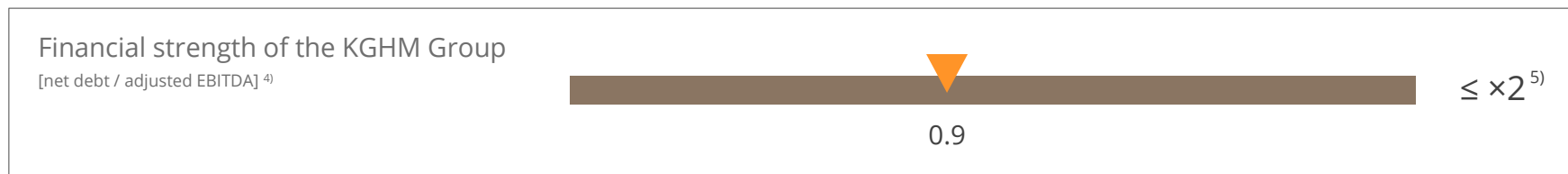
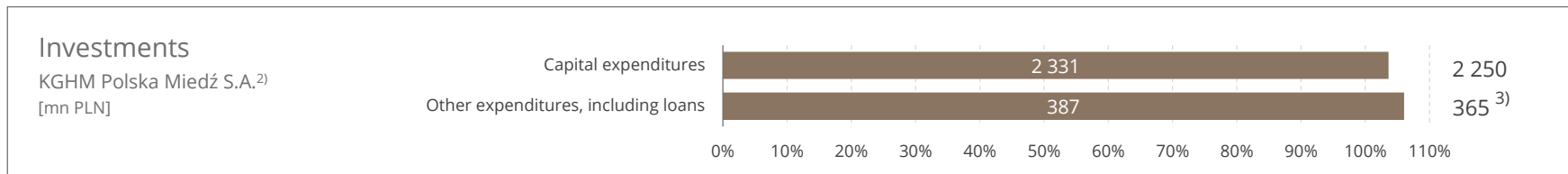


Higher revenues from sales by PLN 1 643 million (+9%) were achieved in 2020 compared to 2019 mainly due to:

- higher metals prices (copper +3%, silver +27%)
- a more favourable USD/PLN exchange rate (+2%)



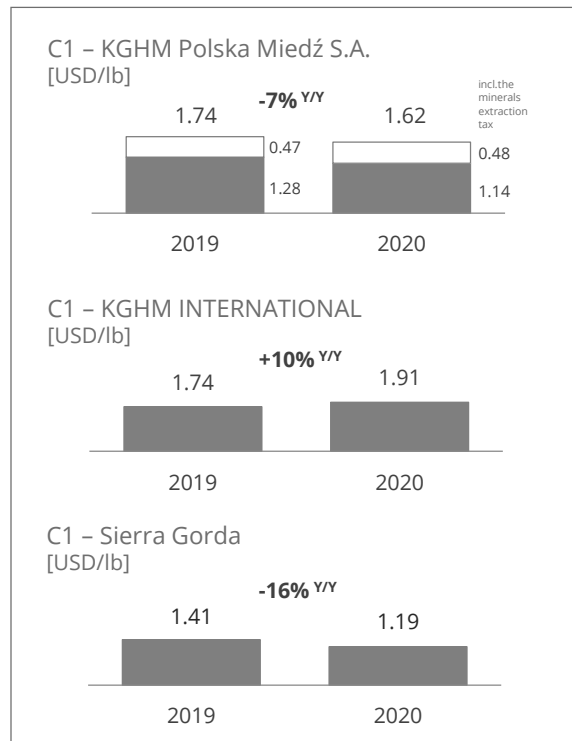
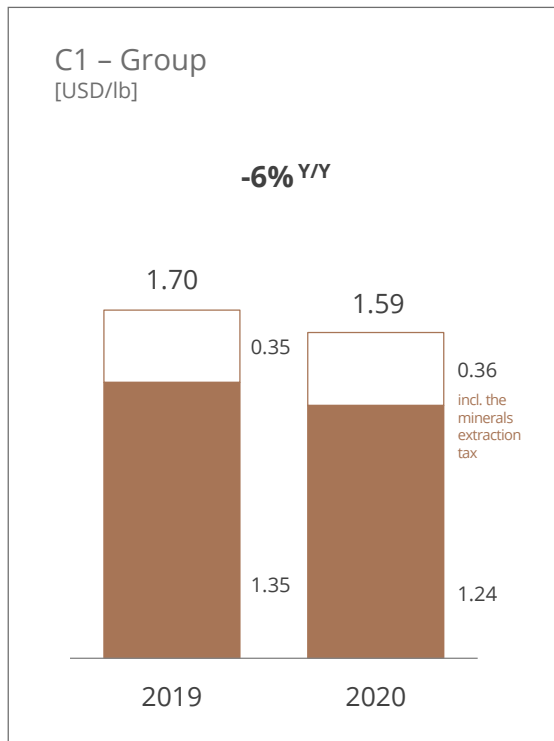
The financial situation of the KGHM Group remains stable and safe



- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic copper production from own concentrates
- 2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted; Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted
- 3) Reflects an adjustment of assumptions pursuant to regulatory filing 9/2020 dated 12 May 2020
- 4) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 5) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2020

C1 unit cost¹⁾

KGHM Group

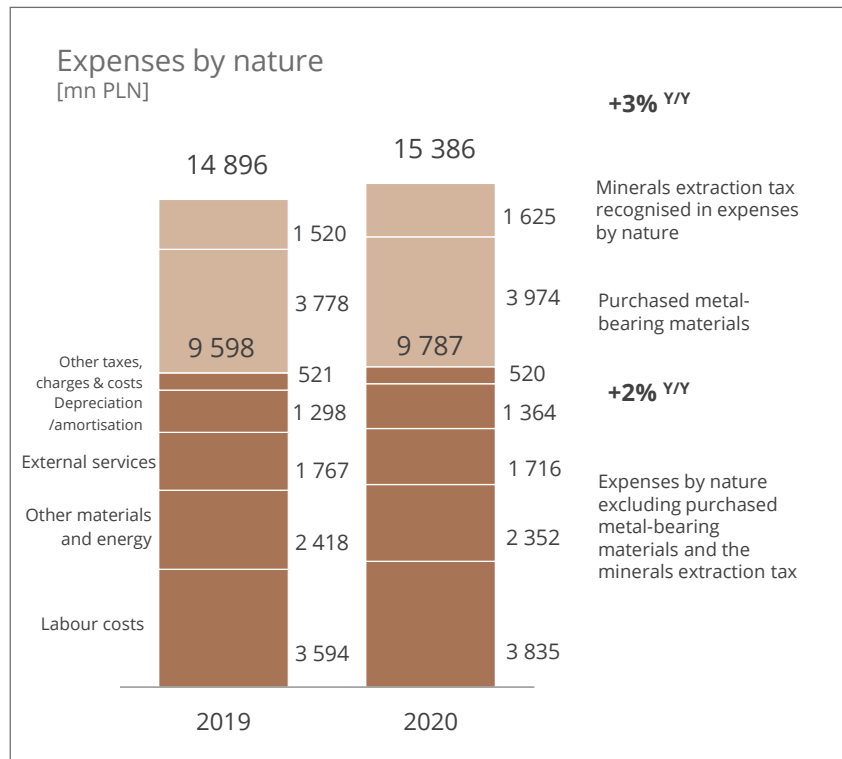


- The decrease in C1 cost in KGHM Polska Miedź versus 2019 was due to the weakening of the PLN vs the USD and to higher silver and gold prices, meaning a higher valuation of by-products
- The increase in C1 by 10% in KGHM INTERNATIONAL was due to lower copper sales volume which was partially offset by higher revenues from sales of associated metals (+5%)
- The decrease in C1 cost in Sierra Gorda by 16% was due to a higher copper sales volume, lower fuel prices, lower labour costs and lower costs of external services, materials and other costs categories

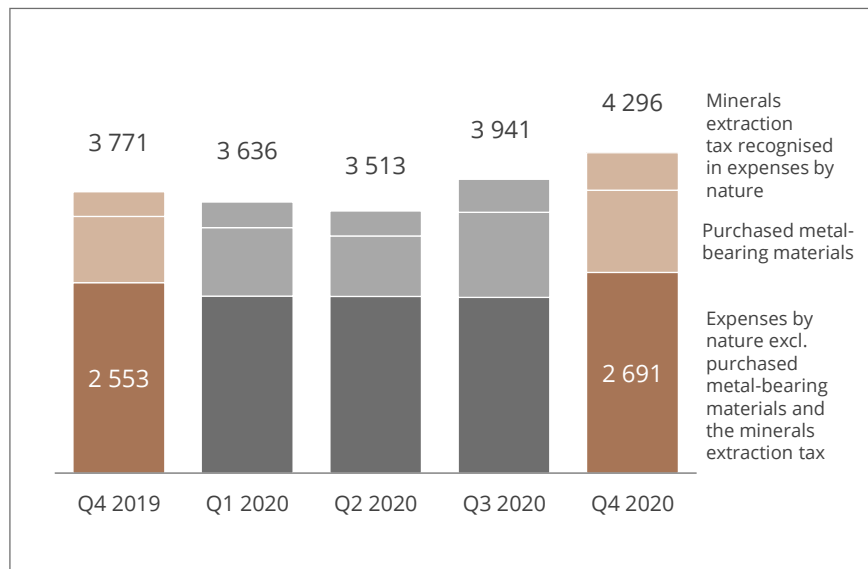
The decrease in C1 was achieved alongside a decrease in revenues from sales of associated metals

Expenses by nature

KGHM Polska Miedź S.A.

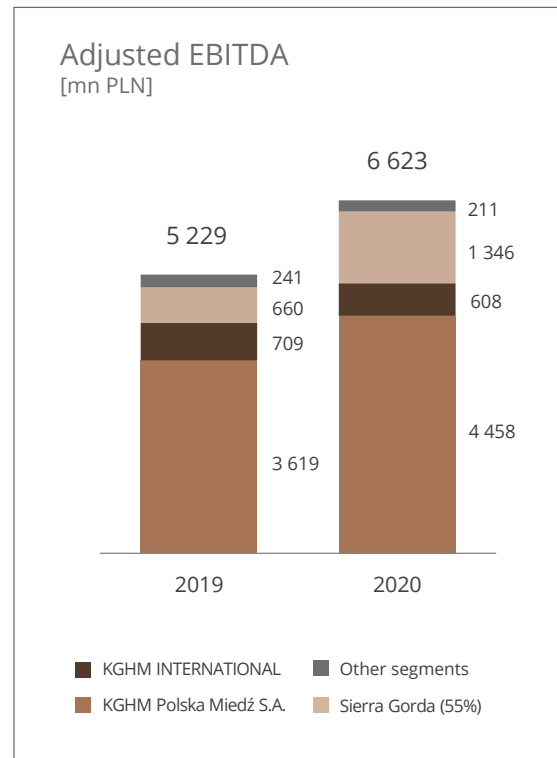
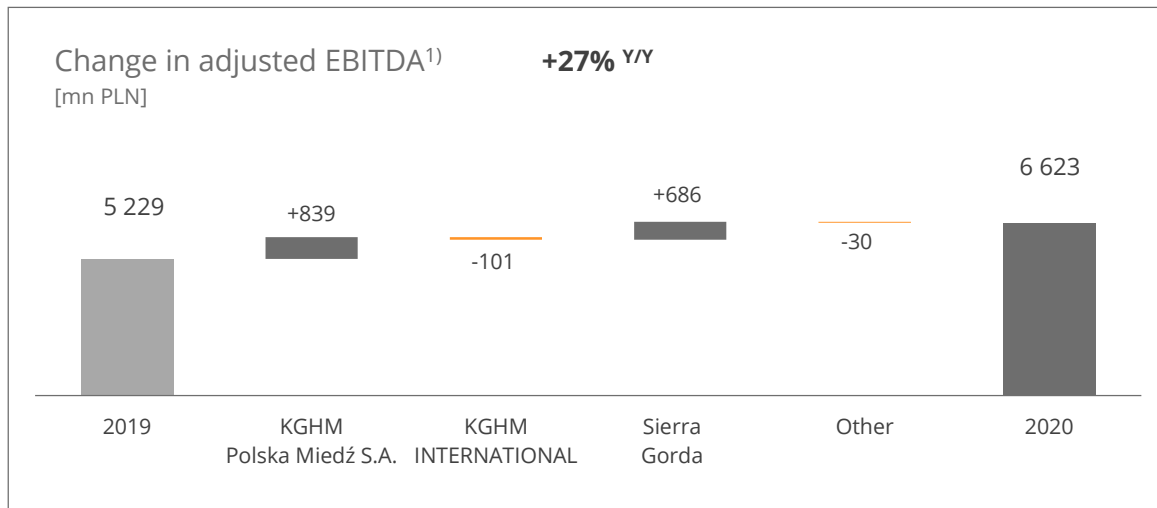


Expenses by nature higher by PLN 490 million yoy



Operating results

KGHM Group



Higher EBITDA for the year by PLN 1 394 million due to:

- higher total EBITDA by PLN 1 525 million for the segments KGHM Polska Miedź S.A. and Sierra Gorda, mainly due to higher copper sales and higher copper and silver prices
- lower total EBITDA by PLN 131 million for KGHM INTERNATIONAL (mainly due to a lower copper sales volume) and in the segment Other (lower EBITDA in domestic companies)

Financial results

KGHM Group

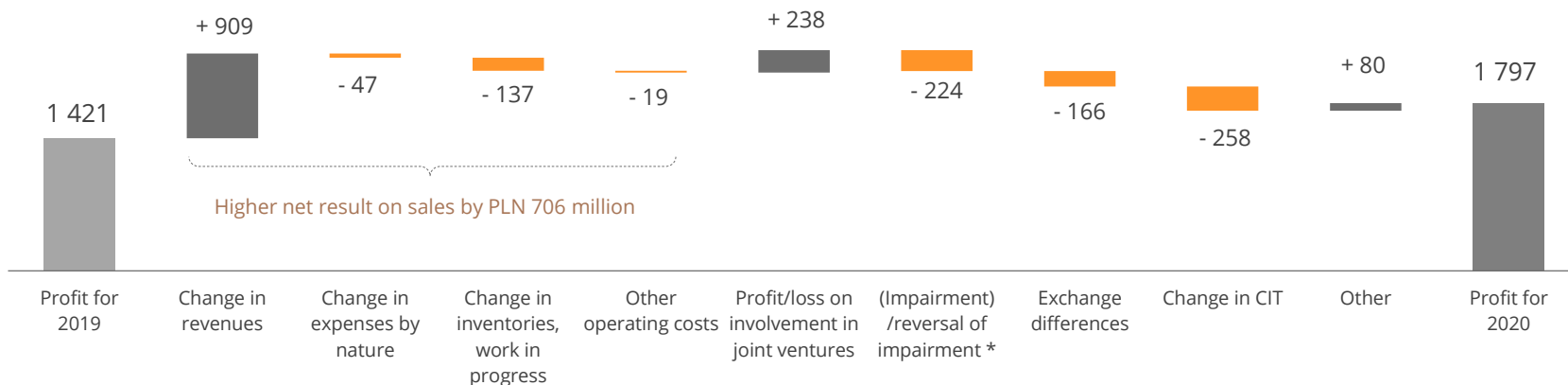
Profit for the period **+26% Y/Y**
[mn PLN]

1 797
[million PLN]

consolidated net profit for 2020

Higher Group profit by PLN 376 million (+26%) mainly due to:

- a higher net result on sales
- a higher result on involvement in joint ventures

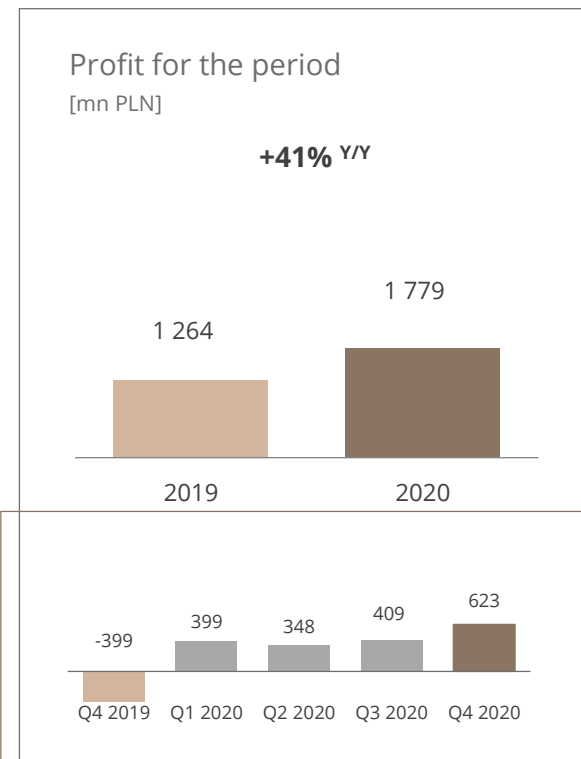
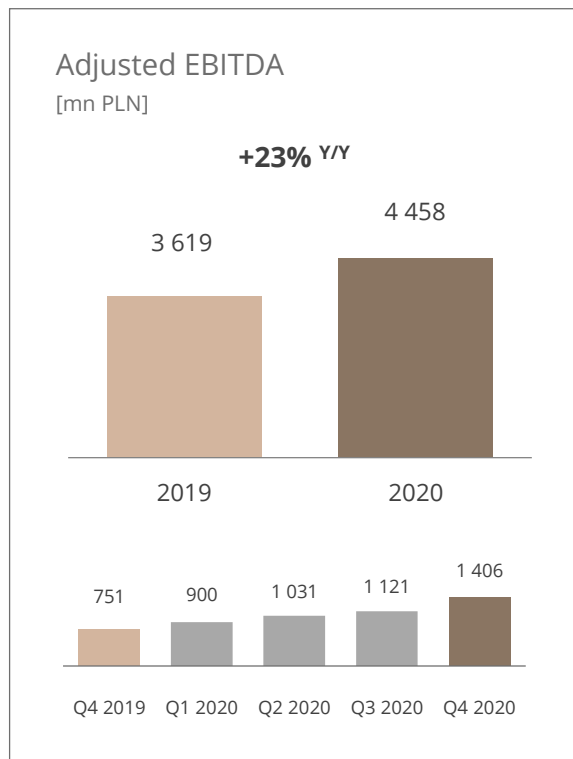


EBITDA and profit for the period

KGHM Polska Miedź S.A.

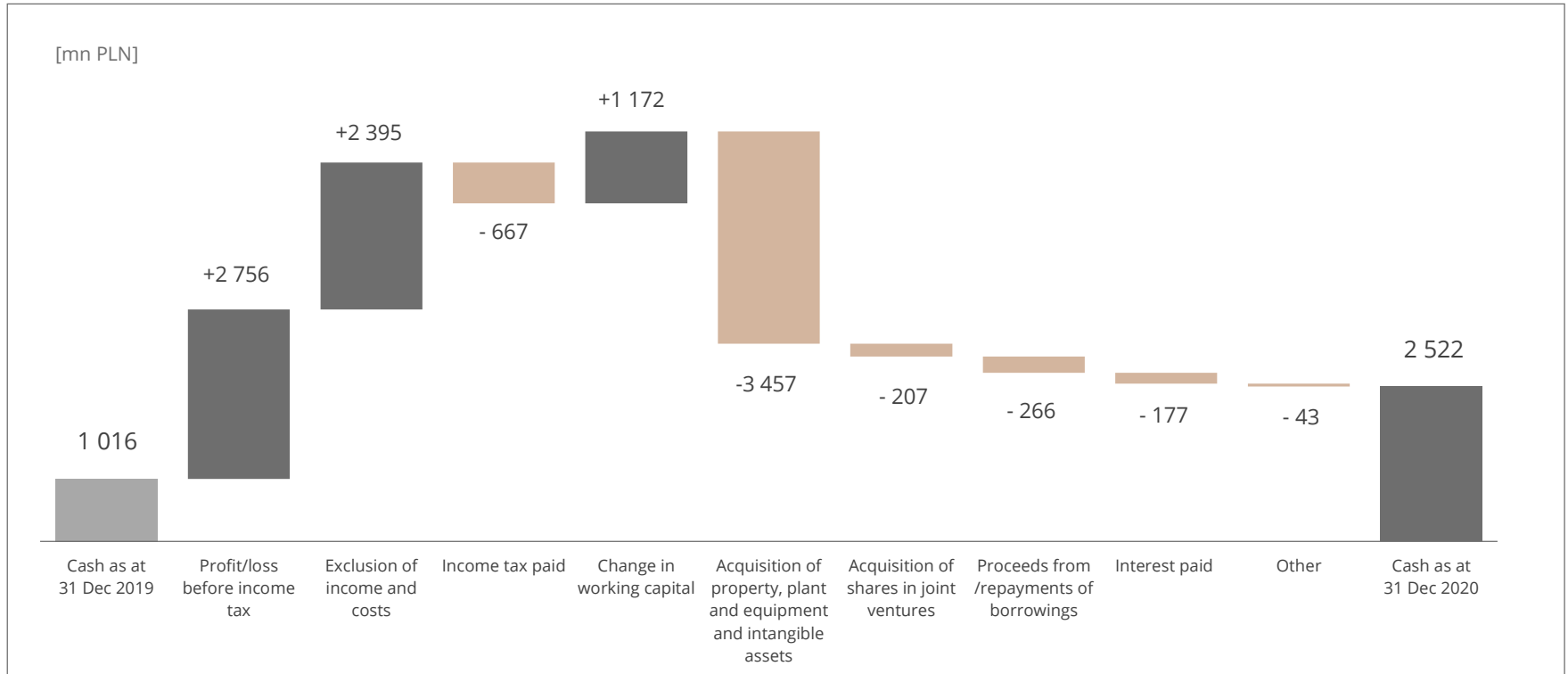
Higher EBITDA, higher net profit

- EBITDA higher by 23% vs the corresponding period of 2019
- Higher net profit by PLN 515 mn (+41%) than in 2019 mainly due to higher operating profit



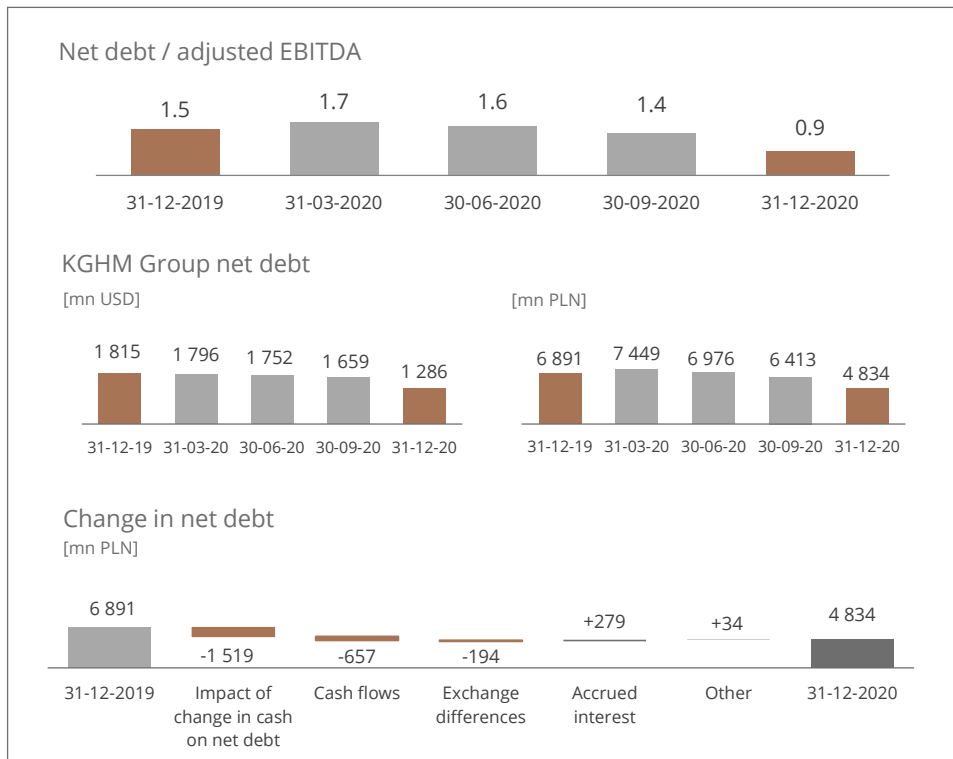
Cash flow

KGHM Group



Net debt of the KGHM Group

As at the end of 2020



Main factors affecting net debt in 2020

Increases in debt

- Cash expenditures on property, plant and equipment (PLN 3 458 mn)
- The minerals extraction tax (PLN 1 625 mn)
- Equity increase in Sierra Gorda (PLN 216 mn)
- Borrowing costs recognised in cash flow (PLN 177 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 5 526 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (higher by PLN 1 287 mn)
- Change in inventories (lower by PLN 295 mn)
- Positive exchange differences (a decrease in PLN-denominated debt by PLN 194 mn)
- Change in trade and other receivables (lower by PLN 173 mn)

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in 2020



2 480 mn PLN

CAPEX execution in 2020

2 250 mn PLN

CAPEX target for 2020

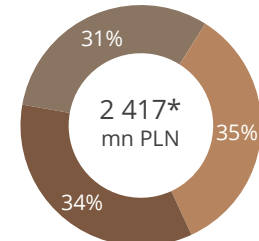
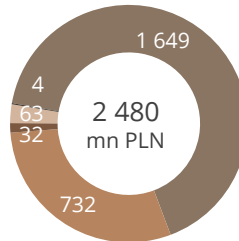
CAPEX execution in 2020

by area

- Mining (66%)
- Metallurgy (30%)
- Other activities (1%)
- Leasing IFRS 16 (3%)
- Development - uncompleted

by category

- Replacement (31%)
- Maintaining mine production (35%)
- Development (34%)



*excl. Leasing IFRS 16

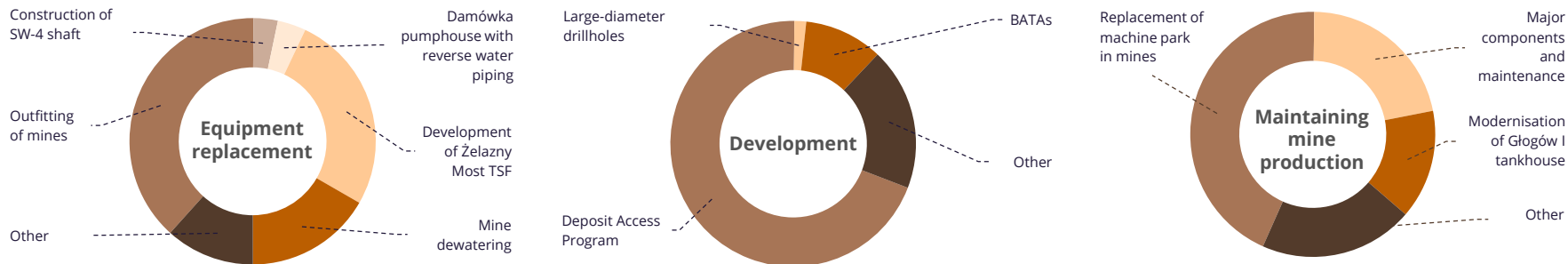
CAPEX and budget execution in 2019



2 481 mn PLN
CAPEX execution in 2019

2 516 mn PLN
CAPEX budget target for 2019

CAPEX execution in key projects



Development of Żelazny Most Tailings Storage Facility

- Completion of Stage 1 of construction of the Southern Quarter, operating permit obtained
- Work continues on building the Southern Quarter: 93% completed
- Continuation of work on the Tailings Segregation and Thickening Station - total completion for Stage 1: 90%, for Stage 2: 40%

Deposit Access Program

- GG-1 shaft – sunk to 1231.2 meters
- GG-2 „Odra” – land acquired
- 11 km of tunneling
- Central Air Cooling System – work on building the cooling building (99%), power building (99%), installation-assembly work (80%) and work on building the first part of surface piping

Program to adapt the technological installations to BAT Conclusions

- At the Głogów metallurgical plant, the installation for the transport of de-leaded slag was settled and brought on-line along with a warehouse and storage area for lead-bearing materials; in other projects intensive construction and assembly work is underway

Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage close to completion in 8 stages (over 97%), on a further 8 stages over 25% completed
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling) – over 25% completed on 15 of 20 stages
- Work remaining on entire facility: 60%

Selected development projects

CAPEX execution 2020

PLN 389 mn

Development of Żelazny Most TSF

Southern Quarter



88% of physical work completed



Tailings Segregation
and Thickening Station



78% of physical work completed

PLN 161 mn

Program to adapt the technological installations
to BAT Conclusions

- ↳ Construction and start-up of the following completed:
 - **Głogów plant** - (1) an installation for the transport of de-lead slag for processing in the flash furnace, (2) bypass gases pipelines from the flash furnaces to the sulphuric acid plant, (3) a warehouse and storage area for lead-bearing materials to eliminate fugitive dust emissions
 - **Legnica plant** - an installation to eliminate arsenic-bearing dusts from concentrate drier gases and from above the anode casting machine

Głogów Smelter/Refinery



P-31 Site



Pb slag

Legnica Smelter/Refinery



Sollinox



Gas pipeline



Carrousel



Drier

PLN 484 mn

Deposit Access Program

- ↳
 - 40.3 km of tunneling were excavated
 - GG-1 shaft reached a depth of 1 231.2 m
 - GG-2 „Odra” shaft – commercial terms set for the purchase of terrain to build the shaft
 - Gaworzycze shaft – based on the spatial plan, the site for the shaft was confirmed



Surface-based Air Conditioning
System for the GG-1 shaft

Advancement of key investments



Mining machinery

- Purchase of 161 machines, incl. 26 – Lubin mine, 62 – Polkowice-Sieroszowice mine, 73–Rudna mine
- 2020/2019 > 161/220



Modernisation of WPA II deduster

- Main installations and equipment of the deduster process line built (exchangers, reactors, bag filters, chimneys, ventilators, separators)
- Final assembly of installations and equipment underway



Purchase/construction of press filters

- F-1 press filter renovated in Rudna Concentrator with operational testing commenced



Construction of Biechów III TSF

- In H1 2020 final handover completed and operation commenced by the facility for non-hazardous waste and neutral waste and with a separate area for hazardous waste (code 19 08 13*).



Damówka Pumphouse

- Construction/assembly underway (building roof and sides),
- Outfitting of the pumphouse underway,
- Reinforced concrete parts of the DW-04 water filtration unit completed
- Rainwater catches and effluents elements built



Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage, 11 of 16 steps
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling)

Pro-ecological investments

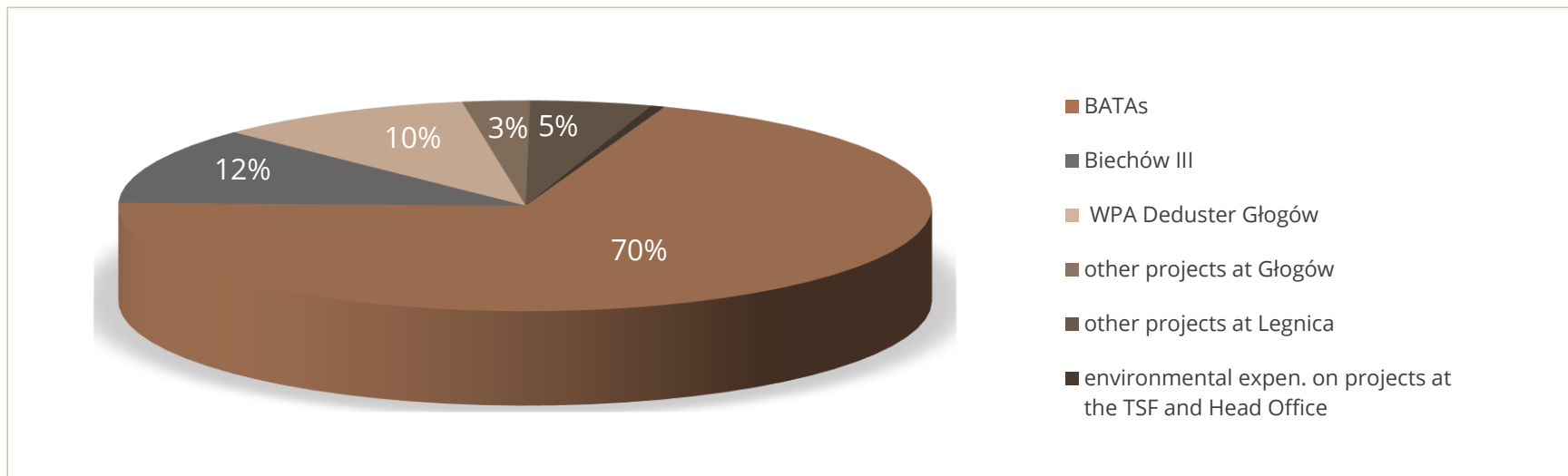
KGHM Group



Over
186
million PLN

spent in 2020 by KGHM
on pro-ecological
investments¹⁾

[including more than PLN 43 million on construction of an installation to eliminate arsenic and mercury from gases at the Solinox installation in the Legnica Smelter/Refinery under the BATAs Program]



Actions to reduce environmental impact

KGHM INTERNATIONAL

Actions taken by entities of the KGHM INTERNATIONAL LTD. Group in 2020 to protect the environment

PLN 6 mn **+20% Y/Y**

Carlota (USA)

↳ Actions related to monitoring the environment and preparing for the process of restoration of terrain

PLN 3 mn **+200% Y/Y**

Sudbury (Canada)

↳ In the Sudbury basin mines actions focused on environmental monitoring

PLN 18 mn **-36% Y/Y**

Robinson (USA)

[incl. nearly PLN 3 mn due to environmental permits held]

↳ Actions focused on monitoring air and water quality, waste management and the restoration of mining areas

PLN 5 mn **-17% Y/Y**

Franke (Chile)

↳ Actions focused on acquiring required permits and environmental monitoring

In 2020 the Robinson mine in the USA received the *Nevada Excellence in Mine Reclamation Award*. This distinction was granted in the category *Legacy Waste Rock Remediation* for restoration of the Lane City Waste Rock Facility.



Advancement of the KGHM Group's strategy

4 strategic directions for KGHM's development

The review of the Strategy of KGHM Polska Miedź S.A. for 2019-2023

#4E



ELASTICITY,
FLEXIBILITY



EFFICIENCY



ECOLOGY,
SAFETY AND SUSTAINABLE
DEVELOPMENT



E-INDUSTRY

Strategic priorities

#1 Higher production

#2 Energy independence

#3 International assets 2.0

#4 Long-term financial strategy

#5 Ecosystem innovation for KGHM

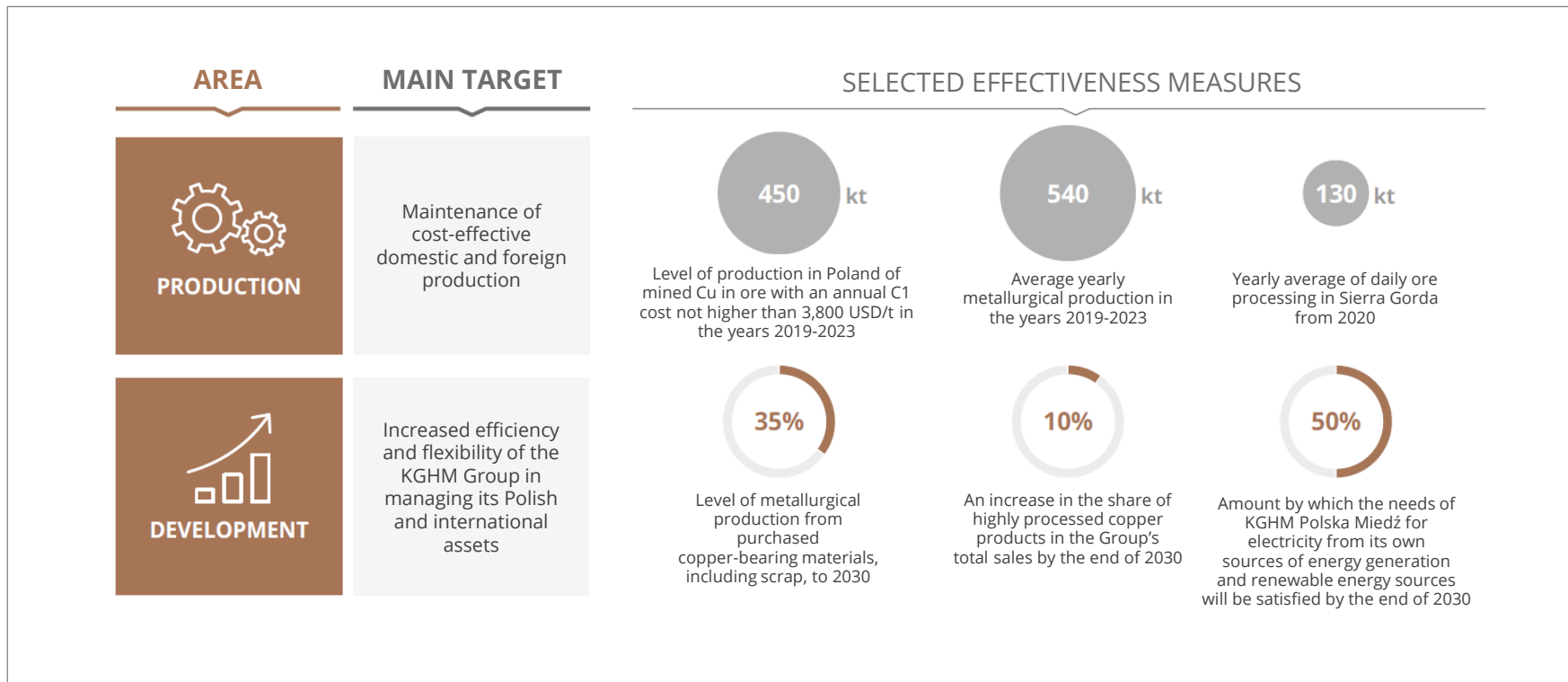
#6 Technologies of the future

#7 New quality
Safety and development



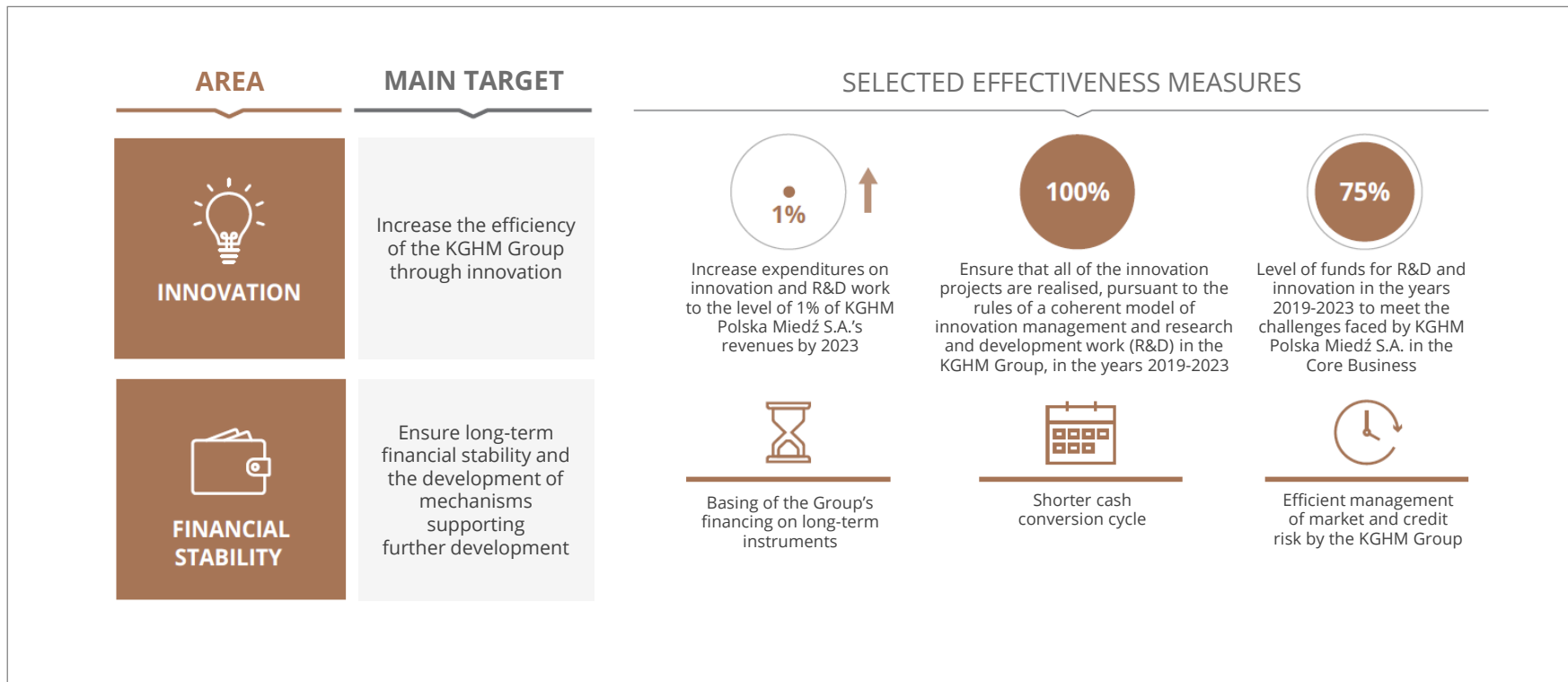
Strategy in practice

Selected key operating initiatives (1)



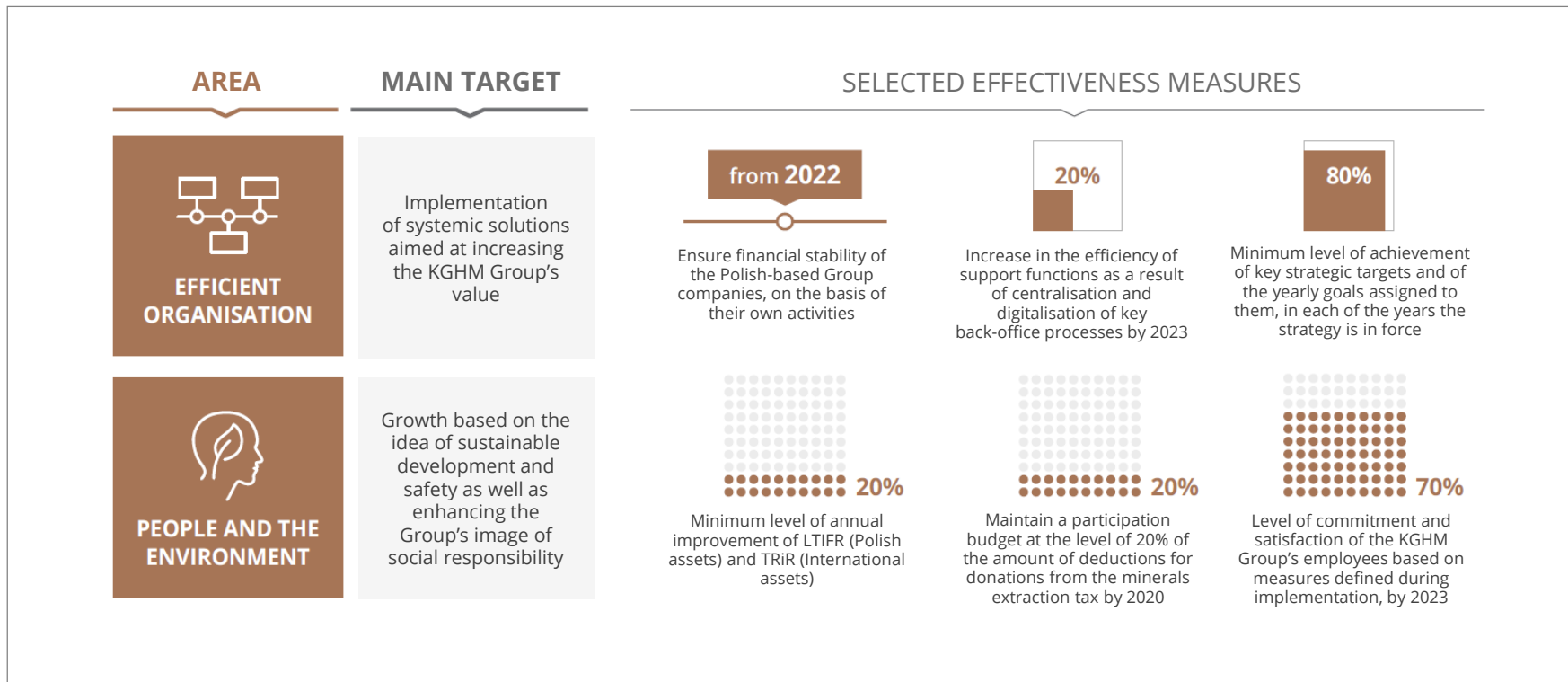
Strategy in practice

Selected key operating initiatives (2)



Strategy in practice

Selected key operating initiatives (3)



Key elements of the Strategy advanced in 2020



Production

- High production from domestic assets (mined production 442 kt; metallurgical production 560 kt)
- Stable production from international assets (Sierra Gorda 81.8 kt; Robinson 47.4 kt; Carlota 5 kt; Franke 12.5 kt; Żagłębie Sudbury 2.1 kt)
- Continuation of projects aimed at automatization



Development

- Continuation of the Deposit Access Program (GG-1 shaft reached a depth of 1231 m)
- Continuation of Development of the Żelazny Most Tailings Storage Facility
- Continuation of exploration projects in Poland
- 22.42% of the general energy consumption of KGHM was supplied by its own internal sources and by developing RES
- The capacity to base 35% of production on purchased metal-bearing materials was achieved



Innovation

- Continuation of the CuBR venture
- Continuation of Implementation Doctorates Program
- Advancement of R&D work
- Start of initiatives related to testing EV mining machinery
- Continuation of projects financed under KIC Raw Materials and Horizon 2020



Efficient Organisation

- Enhanced Energy efficiency
- Continuation of digital transformation under the KGHM 4.0 Program
- Optimisation of the international assets portfolio
- Work on improving support processes efficiency



People and the Environment

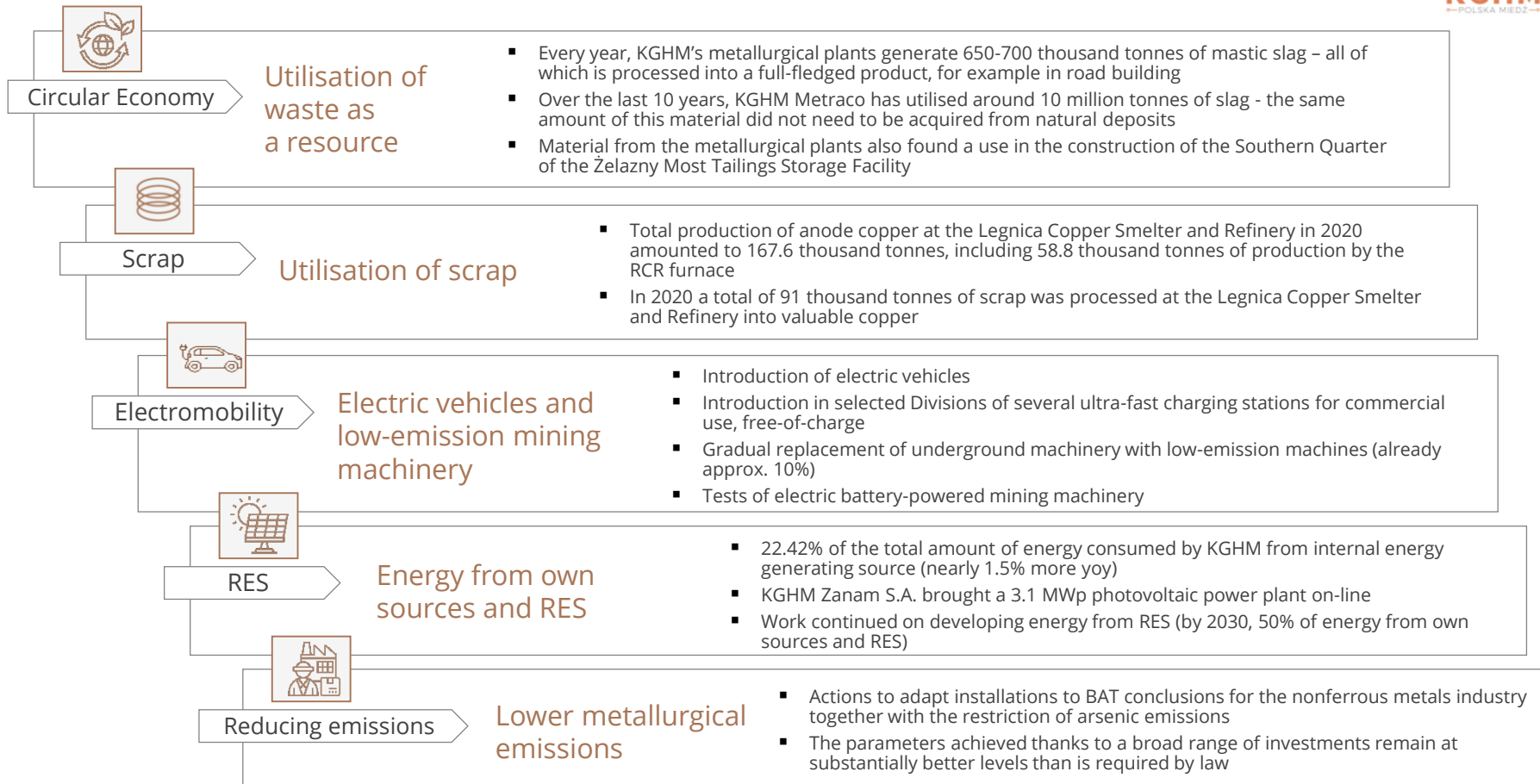
- Actions to adapt to BAT Conclusions (incl. the BATAs Program dedicated to restricting emissions of arsenic)
- Continuation of the Occupational Health and Safety Program (LTIFR: 7.31, TRIR: 0.52)
- Implementation of the new BHP ISO 45001:2018 standard in the Company's Divisions
- Intensification of actions to fight COVID-19



Financial Stability

- Greater use of factoring
- Optimisation of the financing structure
- Basing the Group's financing structure on long-term instruments
- Effective market and credit risk management in the KGHM Group

Strategy – actions to protect our climate



Strategy execution after 2 years - summary



Flexibility

We are adapting our activities to changes in our environment

- Consistent management of deposits and extraction
- Optimisation of metallurgical production – RCR furnace at Legnica, the concentrate roaster at Głogów
- New financing structure - from short-term to long-term
- Increased power generation from internal sources
- Actions were undertaken to eliminate generational gaps – HR programs
- Employee skills raised through adaptive and development projects
- Reviews of international assets



Efficiency

Our response to increase in competitiveness in the production and mining sector and Industry 4.0.

- Domestic mine production remains at the level of 450 kt of copper in ore; average annual metallurgical production at the level of 540 kt
- RCR furnace in Legnica – increased production capacity and the capability to process purchased materials
- Skills raised in energy development, including RES
- Development of the Żelazny Most Tailings Storage Facility by building the Southern Quarter
- External sources to finance R&D projects
- Financial efficiency increased - diversification of sources and adaptation of financing to the KGHM Group's needs



Ecology

We rely on electromobility, the development of pro-ecological regulations, the Circular Economy and environmentally-friendly production in accordance with the highest safety standards

- Improved safety statistics in Poland and abroad
- Intelligent solutions introduced to enhance employee safety
- Numerous actions taken under the „Copper Heart” employee volunteer program
- Corporate income taxes paid by the Group to National and local budgets - around PLN 400 million annually
- Minerals extraction tax paid to the State budget – around PLN 1.5 billion annually
- New installations, in accordance with BAT (Best Available Techniques) conclusions for the nonferrous metals industry
- Investments in renewable energy sources (RES), mainly in developing photovoltaics
- Electromobility – tests of electric personnel and terrain vehicles; a switch from diesel engines to low-emission vehicle engines in the machinery park



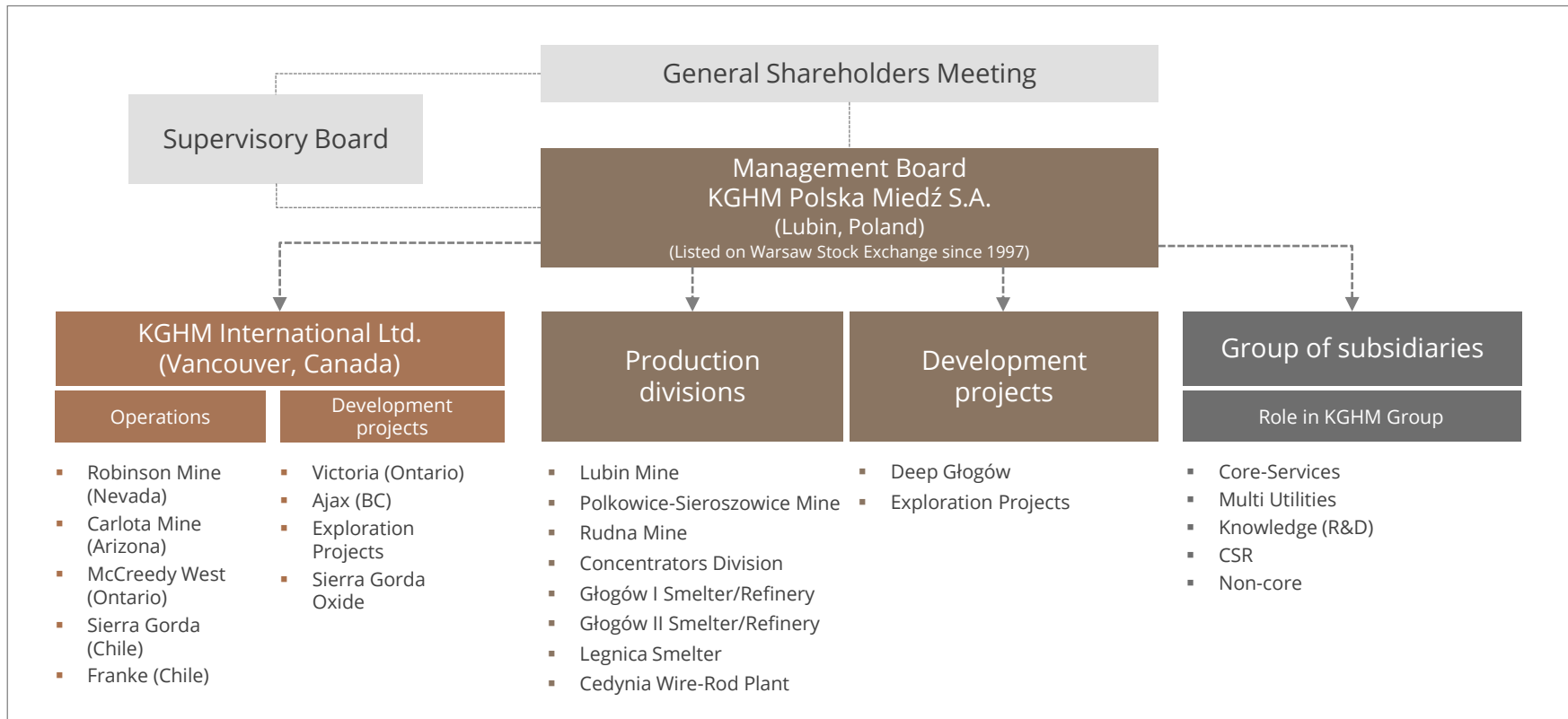
E-Industry

We are implementing the idea of Industry 4.0., striving towards automation and robotisation of production, carrying out the digital transformation of the KGHM Group and building a knowledge-based society

- Pilot version of a „System for locating persons and machines in the underground mines”
- Development of „ Broad-band data transmission in the underground mines”
- Development of the „Centre of Advanced Data Analysis (CZAD)”
- Development of the „ Robotisation of production and auxiliary processes” - construction commenced on a CuXRF robot for scanning for copper content at the working faces
- Development of information technology to collect and transfer knowledge within the KGHM Group
- A new company - KGHM Centrum Analityki in Zielona Góra – R&D in the area of BigData to analyses industrial processes
- Projects related with the National Cybersecurity System and strengthening IT security within the Group

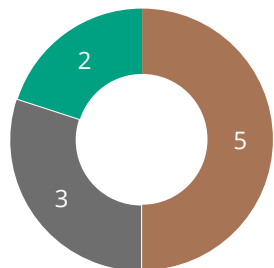
Governance

Transparent Group structure



Committed to solid corporate governance

Independent directors on the Supervisory Board (10 directors total)



■ Independent Directors
■ Employee Elected
■ Other

Independent Directors by gender:
4 men, 1 woman

Total directors by gender:
8 men, 2 women

KGHM meets the top quality Corporate Governance standards of the Warsaw Stock Exchange (compliant with EU/OECD guidance)

KGHM's Corporate Governance is guided by international standards and follows best practices:

- All members of KGHM's Supervisory Board are appointed by the General Shareholders Meeting
- All of KGHM's shares have equal voting rights (no preferred stock)
- 5 independent members of the Supervisory Board ¹⁾
- Committees of the Supervisory Board:
 - Strategy Committee
 - Audit Committee
 - Remuneration Committee
- Internal audit structure implemented across the KGHM Group - consistent with the best international practices
- Code of Ethics - implemented in 2015

External recognition of ESG performance:

Copper Mark – 2 facilities, since 2021

FTSE4Good index certificate – since 2018

MSCI – BB rating

1) According to criteria for independence set forth in point II.Z.4. of the Code of Best Practice for 11 WSE Listed Companies 2016

Shareholder structure of KGHM Polska Miedź S.A.

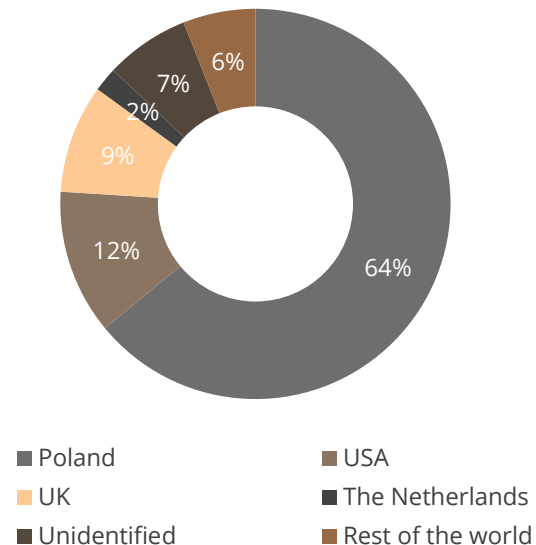
Ownership structure

Shareholder	No. of shares/ votes	Percentage of share capital	Share in total number of votes
Polish State Treasury	63,589,900	31.79%	31.79%
Nationale-Nederlanden OFE	10,104,354	5.05%	5.05%
Aviva OFE	10,039,684	5.02%	5.02%
Other shareholders	116,266,062	58.14%	58.14%
Total	200,000,000	100.00%	100.00%



Geographical ownership structure

[% of shares]



Events for investors

2021

Date	Upcoming events
28 Sep	PKO BP Investor's Day: CEE Metals & Energy
4 Oct	Erste Bank Finest CEElection Investor conference 2021
8 Nov	Goldman Sachs 13th Annual CEEMEA One-on-One Conference
16 Nov	Q3 results
17 Nov	Q3 results conference
TBA	Investor chat with CFO
7-10 Dec	WOOD's Winter Wonderland EME Conference



Investor Relations Department

<https://kghm.com/en/investors>

ir@kghm.com | esg@kghm.com

T +48 76 74 78 280 | F +48 76 74 78 205

