





THE FUTURE IS MADE
OF COPPER

WOOD's Winter Wonderland EME Conference 7 & 9 December 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 miningfriendly 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





The KGHM Group's strategy

2019-2023



Strategic priorities



Higher #2 Energy independence

International assets 2.0

Long-term financial strategy

Ecosystem innovation for KGHM

Technologies of the future

New quality Safety and development

Strategy in practice

Selected key operating initiatives (1)



AREA MAIN TARGET SELECTED EFFECTIVENESS MEASURES 540 kt kt Maintenance of cost-effective domestic and foreign Level of production in Poland of Yearly average of daily ore production Average yearly **PRODUCTION** mined Cu in ore with an annual C1 metallurgical production in processing in Sierra Gorda cost not higher than 3,800 USD/t in the years 2019-2023 from 2020 the years 2019-2023 35% 10% 50% Increased efficiency and flexibility of the KGHM Group in managing its Polish Level of metallurgical An increase in the share of Amount by which the needs of production from highly processed copper and international KGHM Polska Miedź for **DEVELOPMENT** purchased products in the Group's electricity from its own assets copper-bearing materials, total sales by the end of 2030 sources of energy generation

including scrap, to 2030



and renewable energy sources will be satisfied by the end of 2030

Strategy in practice

Selected key operating initiatives (2)



AREA

MAIN TARGET



Increase the efficiency of the KGHM Group through innovation



Ensure long-term financial stability and the development of mechanisms supporting further development

SELECTED EFFECTIVENESS MEASURES



Increase expenditures on innovation and R&D work to the level of 1% of KGHM Polska Miedź S.A.'s revenues by 2023



Basing of the Group's financing on long-term instruments



Ensure that all of the innovation projects are realised, pursuant to the rules of a coherent model of innovation management and research and development work (R&D) in the KGHM Group, in the years 2019-2023



Shorter cash conversion cycle



Level of funds for R&D and innovation in the years 2019-2023 to meet the challenges faced by KGHM Polska Miedź S.A. in the Core Business



Efficient management of market and credit risk by the KGHM Group



Strategy in practice

Selected key operating initiatives (3)



AREA

MAIN TARGET

SELECTED EFFECTIVENESS MEASURES



Implementation of systemic solutions aimed at increasing the KGHM Group's value



Growth based on the idea of sustainable development and safety as well as enhancing the Group's image of social responsibility



Ensure financial stability of the Polish-based Group companies, on the basis of their own activities



Minimum level of annual improvement of LTIFR (Polish assets) and TRIR (International assets)



Increase in the efficiency of support functions as a result of centralisation and digitalisation of key back-office processes by 2023



Maintain a participation budget at the level of 20% of the amount of deductions for donations from the minerals extraction tax by 2020



Minimum level of achievement of key strategic targets and of the yearly goals assigned to them, in each of the years the strategy is in force

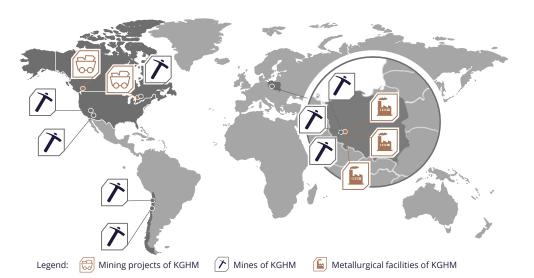


Level of commitment and satisfaction of the KGHM Group's employees based on measures defined during implementation, by 2023



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



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

Geology

Mining

Metallurgy













Exploration and evaluation

Ore extraction

Ore enrichment

Smelting and refining

Downstream processing

KGHM among the biggest copper and silver producers¹⁾





¹⁾ KGHM results as reported in its consolidated financial statement 2020



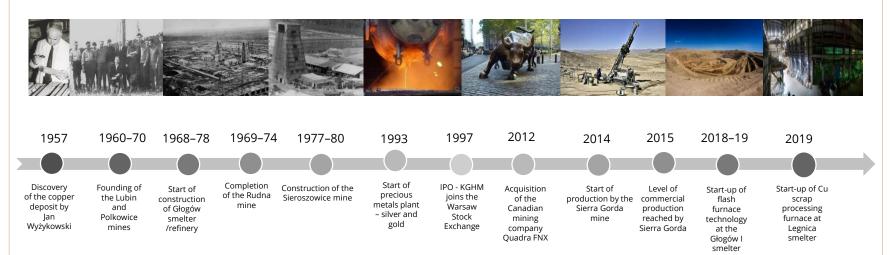
⁾ Statista, April 2020 [°]

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

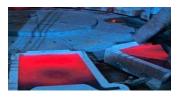




Polkowice-Sieroszowice Mine

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

- Open-pit mine
- Porphyry

2020 production stats:

 Cu production (pavable): 148.7 kt



Robinson Mine, USA

9 years LOM

- Open-pit mine
- Porphyry/ Skarn orebody

2020 production stats:

 Cu production (payable): 47.4 kt



Sudbury, Canada

7 years LOM

- Underground mine
 Cu production
- Footwall/
- Contact orebody

2020 production stats:

(payable): 2.1 kt



Franke Mine, Chile

5 years LOM

- Open-pit mine
- IOCG orebody
- 2020 production stats:
- 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

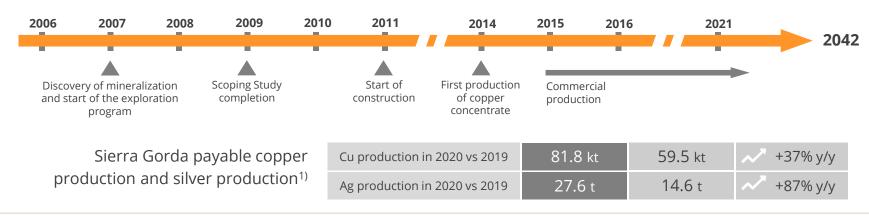




Sierra Gorda is an open pit copper and molybdenum mine located in Chile's Antofagasta region in the Atacama desert. Sierra Gorda is a Joint Venture of:

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

Schedule of Sierra Gorda development





Q3 and first 9M of 2021 - KGHM Group



Copper – our key product

9M 2021

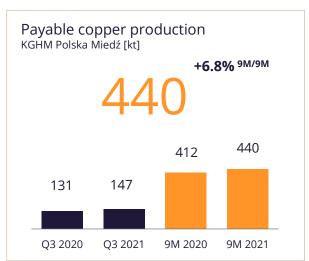


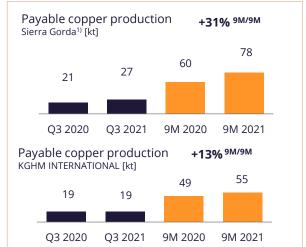
Payable copper production by the KGHM Group

higher by 10.1% (9M/9M)

574 +10.1% 9M/9M [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



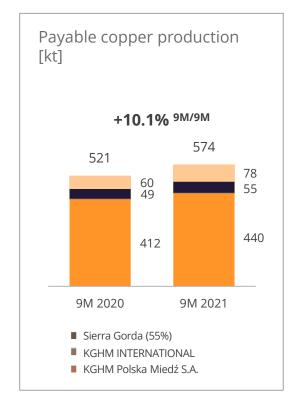


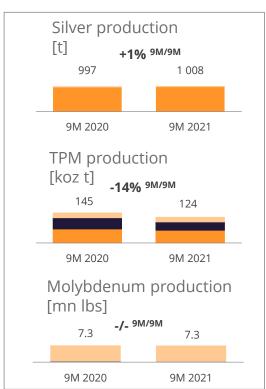


Other major metals and costs

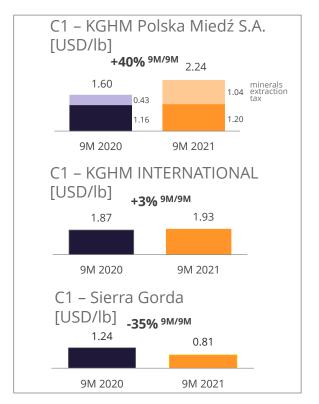
KGHM POLSKA MIEDZ

Production





C1 cost



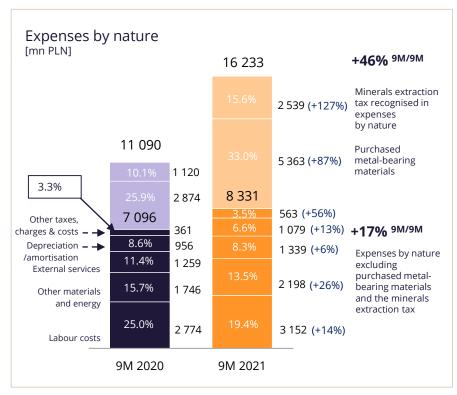


Expenses by nature

KGHM

POJ SKA MIED?

KGHM Polska Miedź S.A.



Expenses by nature higher by PLN 5 143 million, 9M/9M

(of which PLN 3 908 mn due to purchased metalbearing materials and the minerals extraction tax)





Financial results - KGHM Group

9M 2021



Adjusted EBITDA nearly doubled for the KGHM Group compared to 9M 2020

Higher adjusted EBITDA compared to 9M 2020 (+3 312 mn PLN; +75%), of which by segment:

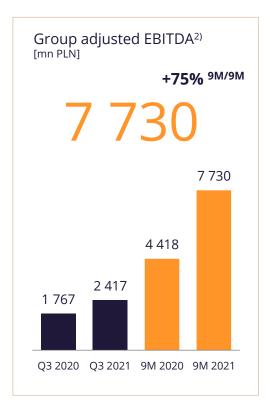
- KGHM Polska Miedź +PLN 1 220 mn higher copper prices
- Sierra Gorda¹⁾ +PLN 1 458 mn mainly higher revenues from copper sales due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 598 mn higher copper prices

Higher Group revenues

Impact of higher metals prices

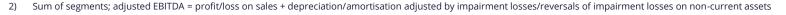
Higher Group profit for the period

 Improvement in EBITDA and reversal of impairment on loans aided in achieving a profit higher by PLN 3 590 mn (more than 4-times increase) than in 9M 2020





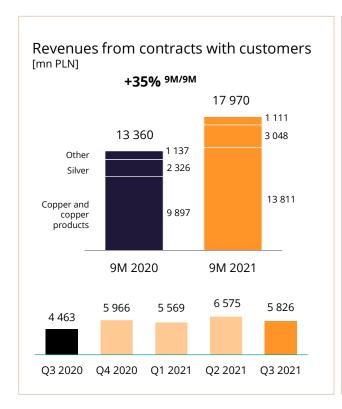


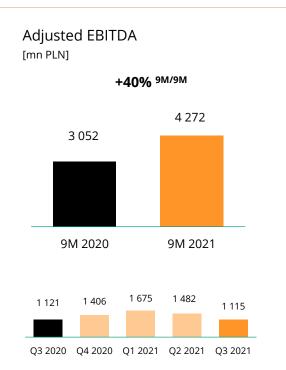


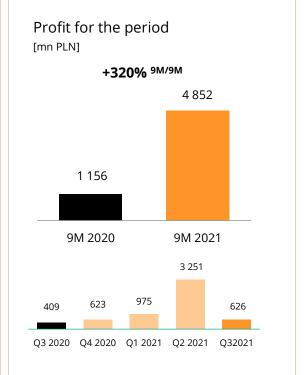


Financial results - KGHM Polska Miedź S.A.







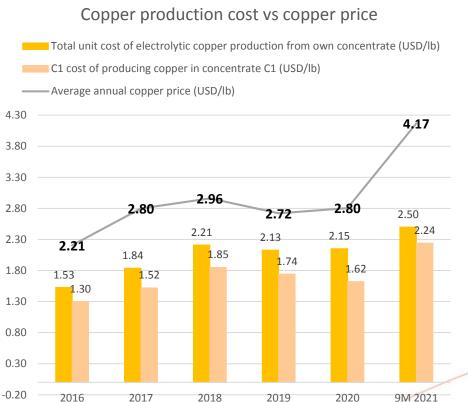


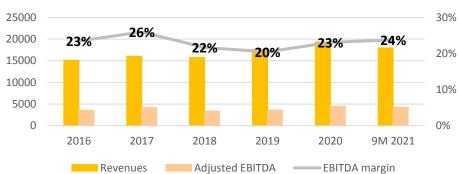


Margins remain robust

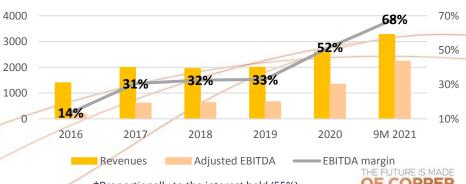










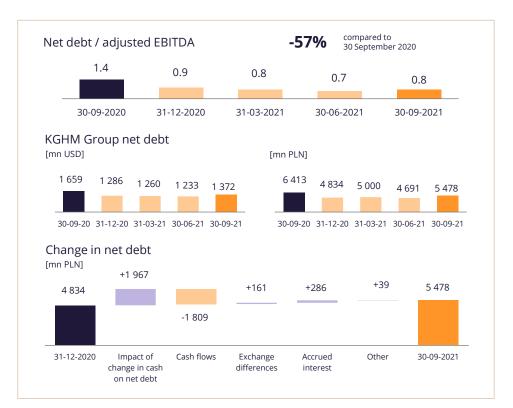


*Proportionally to the interest held (55%)

As at the end of Q3 2021







Main factors affecting net debt in 9M 2021

Increases in debt

- Cash expenditures on property, plant and equipment (PLN 2 603 mn)
- The minerals extraction tax (PLN 2 539 mn)
- Change in inventories (higher by PLN 1 690 mn)
- Change in trade and other payables, incl. trade liabilities transferred to the factor (lower by PLN 374 mn)
- Dividend paid by KGHM Polska Miedź S.A. (PLN 300 mn)
- Negative exchange differences (an increase in PLNdenominated debt by PLN 286 mn)
- Change in trade and other receivables (higher by PLN 183 mn)
- Borrowing costs recognised in cash flow (PLN 80 mn)

Decreases in debt

- Positive cash flow from operating activities, excluding the change in working capital and the minerals extraction tax (PLN 7 452 mn)
- Proceeds from disposal of shares in the company PGE EJ1 (PLN 53 mn)

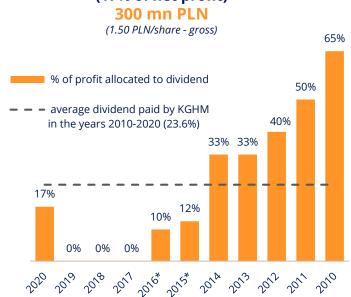


Capital allocation

Renewal of dividend payout



2020 Dividend Payout (17% of net profit)



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.

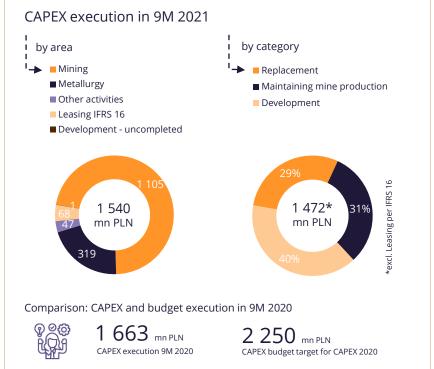


A rationale and responsible investment program

KGHM POLSKA MIEDZ

Capital expenditures by KGHM Polska Miedź S.A. in 9M 2021







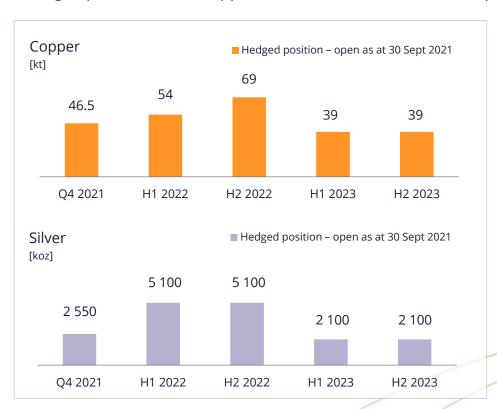
excludes embedded instruments

Market risk management

KGHM

POLSKA MIED 2

Hedged position on the copper and silver markets (as at 30 September 2021)



At the end of the third quarter of 2021 the Parent Entity recorded a result on derivatives* and hedges in the amount of -PLN 1 506 million:

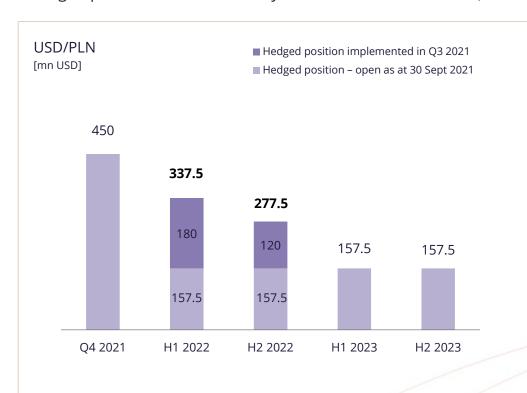
- -PLN 1 159 million adjusted revenues from contracts with customers (transactions settled to 30 September 2021)
- PLN 326 million decreased the result on other operating activities
- PLN 21 million decreased the result on finance activities
- The fair value of open derivatives in KGHM Polska Miedź
 S.A. as at 30 September 2021 amounted to -PLN 869 million*
- The revaluation reserve on cash flow hedging instruments as at 30 September 2021 amounted to -PLN 1 399 million
- In the third quarter of 2021 the Parent Entity did not enter into derivatives transactions on the forward copper and silver markets



Market risk management



Hedged positions on the currency and interest rate markets (as at 30 September 2021)



In the third quarter of 2021 transactions were implemented on the forward currency market:

- Put options were purchased for USD 180 million of planned revenues from sales, with maturities falling from January to June 2022
- In addition, collar strategies were implemented for the notional amount of USD 120 million with maturities falling from July 2022 to December 2022
- In Q3 2021 there were no transactions entered into on the forward interest rate market
- As at 30 September 2021 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 billion





Sustainable development – commitments of KGHM Polska Miedź S.A.

CLIMATE POLICY
ENVIRONMENTAL POLICY
ANTI-CORRUPTION POLICY



We produce copper responsibly



Achievements in 2021:





Climate Policy:



- 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 GHG¹¹ Scope 3 emissions and climate risks – further data to be added following publication of the Climate Policy
- KGHM's Climate Policy was announced with targets for 2030 and neutrality by 2050, as a framework for further work towards a detailed Decarbonisation Programme

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 publication of our 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.



Strengthening corporate governance

New Policies in KGHM Polska Miedź S.A.

KGHM POLSKA MIEDZ-

ISO 14001

Environmental Policy

Based on continual improvement under the PN-EN ISO 14001 Environmental Management System, the Company's senior management is committed among others to the following:

- the continuous prevention and restriction of the Company's environmental and climate impact by improving and developing our technological processes, modernising and replacing equipment and preventing pollution and breakdowns,
- the rational utilisation of our environmental resources, such as land, water and forests and other natural resources,
- restricting the amount of waste generated and the continuous development of waste management methods,
- restricting emissions to the air, water and soil,
- restoring terrain adversely impacted by our activities,
- the active support of efforts to ensure biological diversity and, if that is not possible, to undertake appropriate compensatory actions.

More...

ISO 37001

Anti-Corruption Policy

The senior leadership of the KGHM Group hereby declares its absolute commitment to actions aimed at maintaining and perfecting the Anti-corruption Management System in accordance with the PN-ISO 37001 standard

- It is forbidden to take part in any behaviors of a corruption-related nature, consisting of offering, promising, giving, accepting, demanding or applying for undue benefits, whether financial or non-financial, in particular in connection with the performance of official duties,
- It is forbidden to engage in any type of retaliation towards individuals who have refused to give or adopt undue benefits. This also applies to cases that may result in the loss of business opportunities with entities of the KGHM Group,
- Anyone taking part in an act of a corruption-related nature, or being a witness or possessing information regarding said event, is obliged to immediately report such an occurrance,

More...



Climate Policy of KGHM Polska Miedź S.A.



Testifying to KGHM's ambitions of reducing its environmental footprint



KGHM's Vision

"To use our resources efficiently to become a leader in sustainable development"





Strategy of the KGHM Group

Strategic directions



1. Flexibility



2. Efficiency



3. Ecology



4. E-industry



Climate Policy of KGHM Polska Miedź S.A.¹⁾



A directional document aimed at showing the actions to be taken by KGHM Polska Miedź S.A. to oppose climate change



Sets forth the **ambitions of KGHM Polska Miedź S.A. to limit its impact on the climate**, as well as the principles to be followed by the Company in achieving them



Indicates the Company's management methodology in adapting to existing and forecasted climate changes







The Policy will serve as direct support in advancing the the UN's Sustainable Development goals. Moreover, its implementation ensures the achievement of measurable benefits for the Company and its stakeholders.

The Climate Policy of KGHM Polska Miedź S.A. will directly support achievement of the UN's 1 Sustainable Development goals:



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all



Goal 12: Ensure sustainable consumption and production patterns



Goal 13: Take action for the sustainable development goals

Thanks to the preparation and implementation of the Climate Policy, KGHM will:



Once again demonstrate its far-reaching goal of reducing the Company's carbon footprint



Lead to the substantial decarbonisation of the entire Polish economy, as one of the most energy-intensive enterprises in the country



Strengthen its market position, achieving a potentially better positioning of its products



Be a response to the ever-increasing expections of the financial markets, shareholders and investors



Comply with the latest standards set forth in the Warsaw Stock Exchange's Best Practices for Listed Companies



Ensure further improvement in living and working conditions in those regions where it operates



Adapt to changes in the regulatory environment associated with the rise in energy prices and CO₂ emissions rights



Systematically enhance its ESG ratings



Identifying opportunities in the transformation to a low-emissions economy

KGHM

The Climate Policy is a major step in seizing opportunities, and consequently in building long-term value



Supports the transformation into a low-emissions economy

KGHM, as one of the world's largest copper producers, will have
a substantial impact on the success of the transformation into a lowemissions economy, as is clear from the need to secure the
anticipated increasing demand for copper, as a key component in
a future, green economy



Regulatory environment

- KGHM will actively take advantage of the opportunities arising from the climate transformation, including benefits connected with dedicated EU funds
- KGHM is adapting to changes in the regulatory environment and the associated obligations deriving from KGHM's impact on the climate, as well as the impact of the climate on the Company



Lower emissions is a competitive advantage

 Reducing the Company's emissions and its products' carbon footprint will be one of its competitive advantages. It is therefore vital to set ambitious emissions reduction objectives and suport their achievement by dedicated processes within KGHM



Stakeholder expectations

 The actions being taken in connection with the Climate Policy and the obligations arising therefrom will be beneficial not only for KGHM's surroundings, but will also have a substantial impact on building the Company's long-term shareholder value



Inventorisation of key sources of greenhouse gas emissions



At the Parent Entity level, to be followed in turn at the Group level

Scope 1 and 2 greenhouse emissions of KGHM Polska Miedź S.A. [mn t CO₂e]





Annual CO₂-equivalent emissions by KGHM Polska Miedź S.A. are around 3.3 mn tonnes, of which around 40% are Scope 1 and 60% are Scope 2 pursuant to *GHG Protocol*¹⁾

In 2022 KGHM will conduct a full inventarisation of Scope 1 and Scope 2 emissions in its subsidiaries so as to publish complete information on Scope 1 and Scope 2 emissions for the entire organisation pursuant to *GHG Protocol* at the latest by mid-2023.

Moreover, KGHM will publish data on Scope 3 emissions by the Group at the latest in the first half of 2024.



Climate neutrality by 2050



Achieving climate neutrality by 2050 is the overriding goal of the Climate Policy of KGHM Polska Miedź S.A. Intermediate goal – the reduction of total Scope 1 and Scope 2 emissions by 2030 by 30%¹⁾



Main goals of decarbonisation:

- Reduce indirect emissions (Scope 2):
 - Develop internal zero-emission and low-emission sources
 - Improve energy efficiency in the production divisions and enhance the efficiency of technological processes
 - Purchase RES energy under PPA contracts
- 2 Gradually reduce direct emissions (Scope 1):
 - Admixture of hydrogen in technological processes
 - Initial implementation of electromobility projects

Reduction goals for the entire KGHM Group will be announced at the latest in the first half of 2023

Main goals of decarbonisation:

- Total reduction of indirect emissions (Scope 2):
 - Power and heat solely from zero-emission sources (mainly conversion to internal zero-emission sources)
- Maximum reduction of direct emissions (Scope 1):
 - Hydrogen technology
 - Electromobility
 - Implementation of advanced production technology
 - Utilisation of CCU and CCS technology²⁾
- Potential offset of other emissions

Details regarding capital expenditures on actions to restrict greenhouse gas emissions will be included and announced as part of the Decarbonisation Program of the KGHM Group



Main goal in respect of Scope 1 and Scope 2 GHG emissions, assuming their maximum possible reduction. Reduction goals in reference to 2020 emissions.

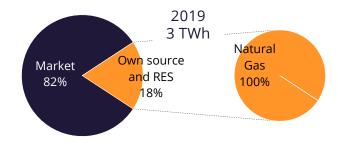
²⁾ CCU (carbon capture and utilisation) and CCS (carbon capture and storage) technology

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

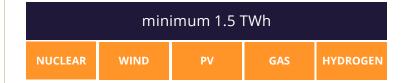


Share of power source in supplies to KGHM Polska Miedź S.A.





2030:

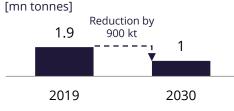


2020:

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



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





Implementation of the Climate Policy of KGHM Polska Miedź S.A.

KGHM

Adapting the Company's operating principles to achieve its GHG emissions reduction targets and reflecting climate risk in its internal processes

KGHM wants to be a major participant in the green transformation. This is reflected not only in the development of its primary activities, but also in the introduction of a variety of changes in the way the Company operates, aimed at demonstrating our awareness of climate change and strengthening our Communications in this regard with all of our stakeholders.

- To ensure compliance with best market practice, KGHM will work towards the implementation of a climate reporting system based on the recommendations from 2017 of the Task Force on Climate-Related Financial Disclosures ("TCFD Recomendations")
- The first step in the implementation of the new reporting system will be the preparation of corporate structures to meet the requirements of the TCFD Recomendations by implementing a variety of chages in KGHM Polska Miedź S.A.
- The changes currently being planned will encompass the key business and management processes – in particular those connected with or impacting GHG emissions by KGHM.

Organisational and process changes in KGHM Polska Miedź S.A. To comply with the TCFD Recomendations



Corporate governance

Changes aimed at the introduction of mechanisms for monitoring and supervising climate questions by KGHM's management and supervisory staff, including the Management Board



Strategy

Changes aimed at the introduction of mechanisms to reflect the climate question in the processes of updating, implementing and monitoring the Strategy



Risk management

Changes aimed at the comprehensive integration of climate risk into the current system of Corporate Risk Management in KGHM Polska Miedź S.A.



Indicators and targets

Changes aimed at introducing a process of measuring emissions by the KGHM Group which is fully compliant with GHG Protocol, and at implementing preliminary indicators appropriate for monitoring improvements in the resilience of the business model of KGHM Polska Miedź S.A. to climate change



Employee safety as a strategic priority for the KGHM Group





Safety and development

ISO 45001:2018

Granting of an Occupational Health and Safety Management System Certificate

 Leader's Gold Card of Workplace Safety

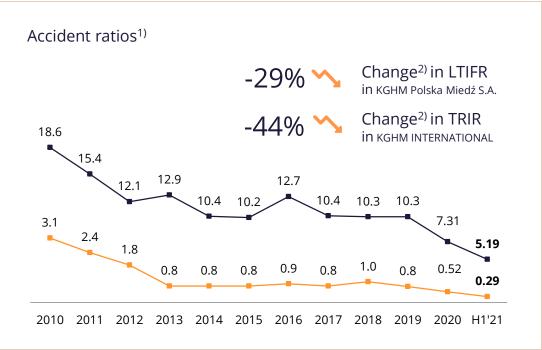
A 19% (h/h) decrease in the number of recognized accidents at work from 95 to 77 registered at the end of H1 2021

Historically-low accident ratio

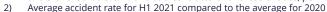
Thanks to the outstanding behaviour and commitment of all employees

TRIR in KGHM INTERNATIONAL LTD

—■ LTIFR in KGHM Polska Miedź S.A.



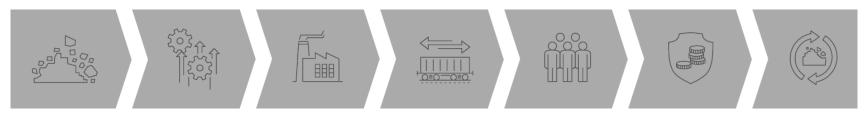
¹⁾ LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the International Council on Mining & Metals standard, in total for the employees of KGHM INTERNATIONAL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





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

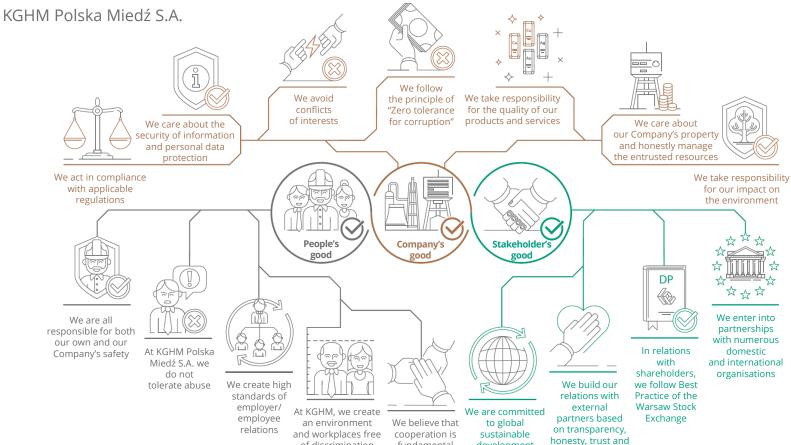
Tailings

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



Ethical standards





fundamental

for achieving success

development

professionalism

of discrimination



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







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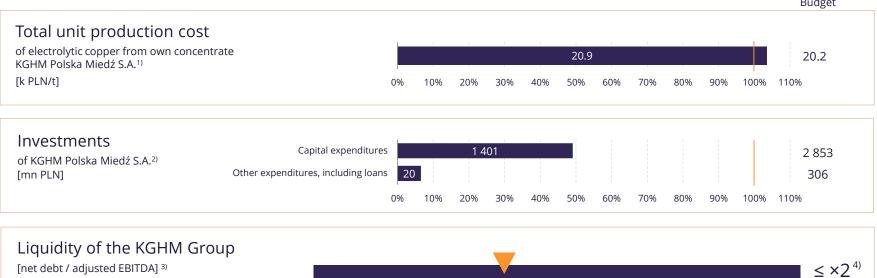
Supporting slides



The financial situation of the KGHM Group remains stable and safe







0.8

- 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

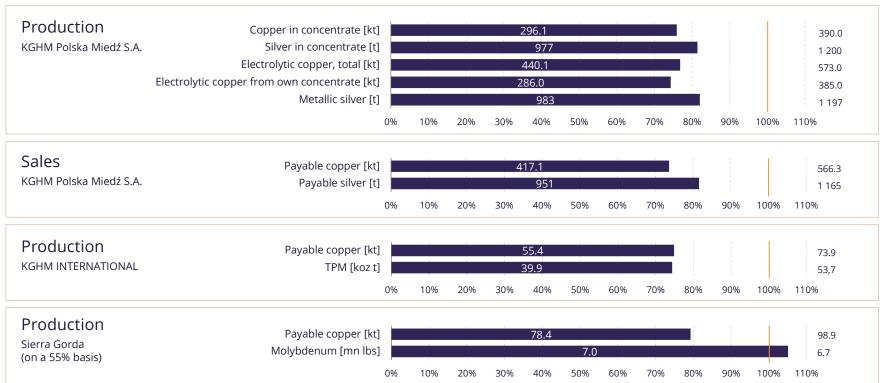


Group production and sales in 9M 2021

KGHM POLSKA MIEDZ

Execution of annual targets

2021 Budget

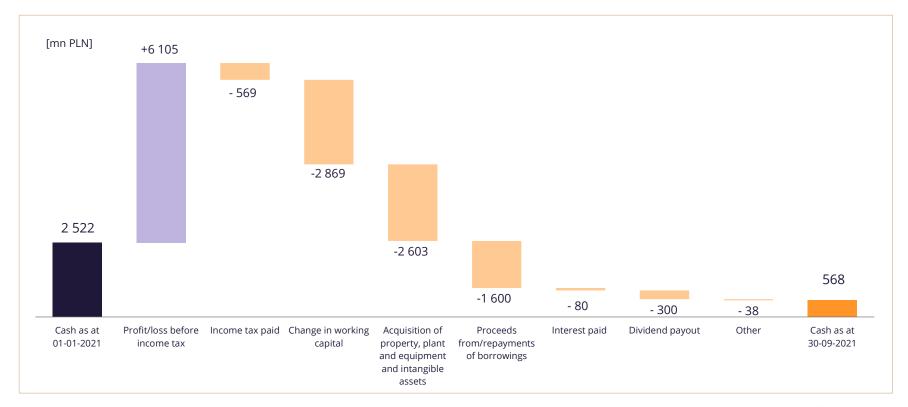




Cash flow

KGHM

KGHM Group

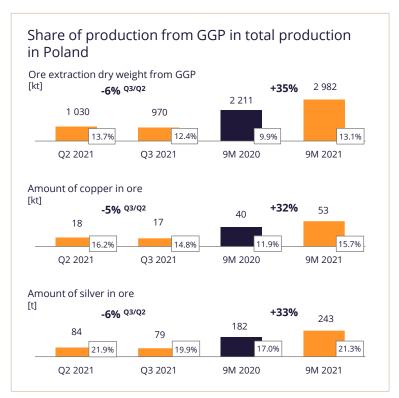


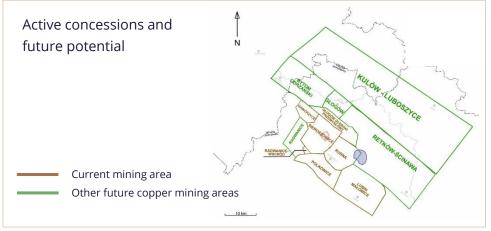


Role of Deep Głogów (GGP) in maintaining output in Poland



Deposit access program in KGHM's concessioned areas





- The decrease in ore extraction in Q3 versus Q2 (-6%) was due to increased, required work in barren rock, which was possible thanks to increased ore extraction in H1.
 This can also be seen when comparing to 9M 2021 and 2020 (+35%).
- In the third quarter work began on the sinking of an exploratory drillhole into the Bytom Odrzański concession. Preparatory work began aimed at commencing the drilling of an exploratory borehole in the Kulów-Luboszyce concession.



Share of GGP



The KGHM Group vs the sector

Macroeconomic environment - H1 2021



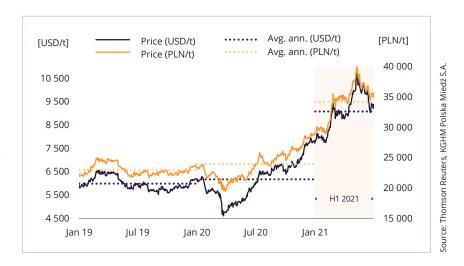
Macroeconomic environment

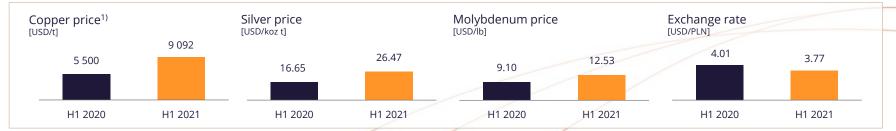


Commodities and currencies prices

Copper prices reached a historic daily fixing maximum on 10 May of 10 724.5 USD/t. The average copper price amouted 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)







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



- 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

KGHM -POLSKA MEDZ-

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

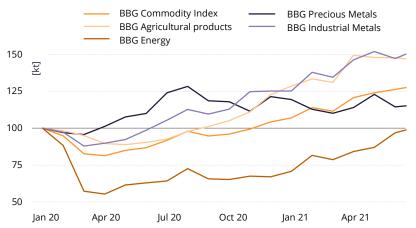
Commodities price index already 25% higher than prior to the pandemic

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



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



- 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

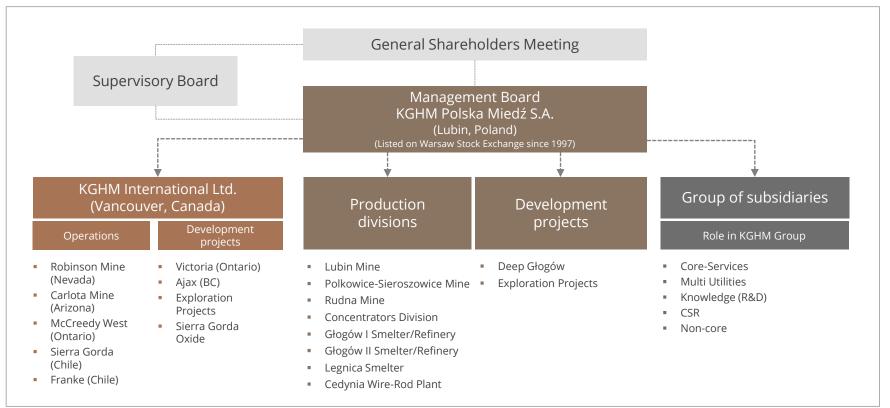


Governance



Transparent Group structure





Committed to solid corporate governance







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

Shareholder structure of KGHM Polska Miedź S.A.



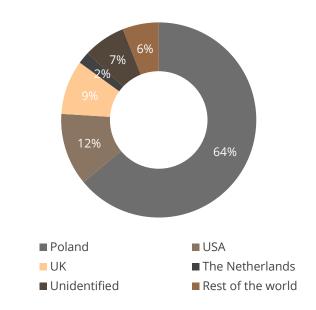
Ownership structure

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%

	Polish State Treasury	NN OFE OFE		ther holders	
0%	20%	40%	60%	80%	100%

Geographical ownership structure

[% of shares]







Sustainable development – supporting slides



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



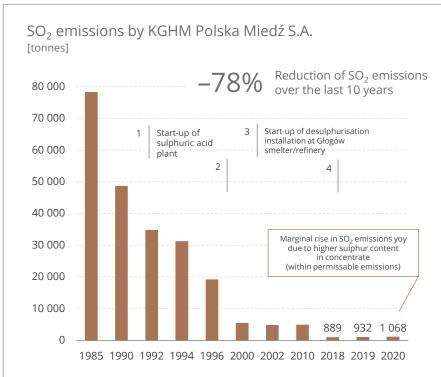
We operate our installations in compliance with the environmental permits held. We monitor emissions to the air, water and soil. We minimise the utilisation of limited resources, such as soil, water and energy

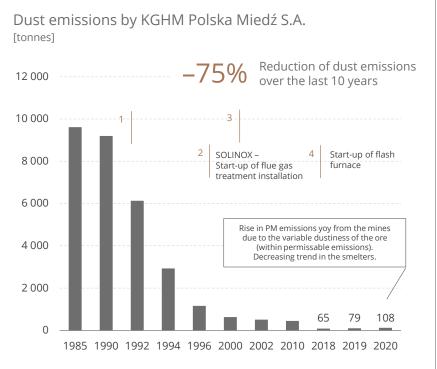


Emissions by the divisions of KGHM Polska Miedź S.A.



SO₂ and dust emissions¹⁾

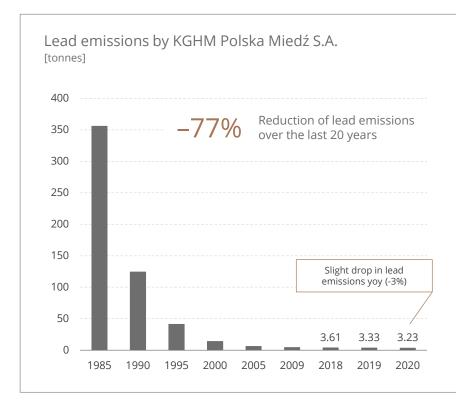


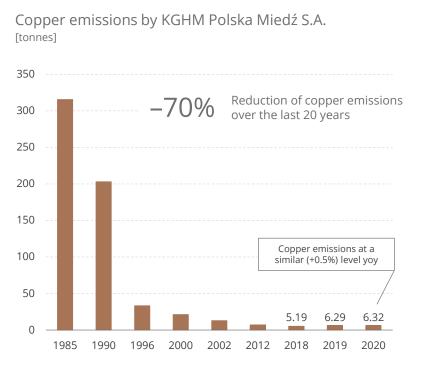


Emissions by the divisions of KGHM Polska Miedź S.A.



Lead and copper emissions

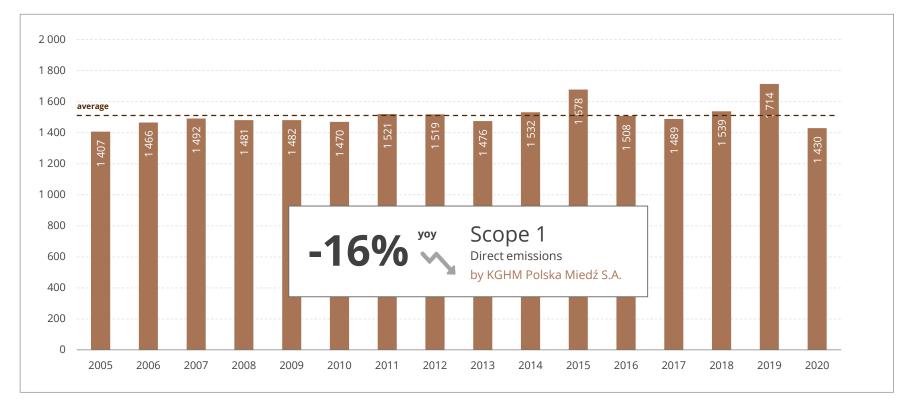




CO₂ emissions by KGHM Polska Miedź S.A.¹⁾

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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

Events for investors

KGHM

POLSKA MIEDŽ

2021

Date	Upcoming events
7, 9 Dec	WOOD's Winter Wonderland EME Conference







Investor Relations Department

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