

**Resolution No. ____/2020
of the Ordinary General Meeting of KGHM Polska Miedź S.A.
with its registered head office in Lubin dated 19 June 2020**

regarding: acceptance of the Remuneration Policy for the Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A.

The Ordinary General Meeting of KGHM Polska Miedź S.A., acting on the basis of art. 90d sec. 1 of the Act dated 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, resolves the following:

§ 1

The “Remuneration Policy for the Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A.” is hereby accepted.

§ 2

The Remuneration policy for the Members of the Management and Supervisory Boards of the Company is attached as appendix no. 1 to this resolution.

§ 3

This resolution comes into force upon its adoption.

Justification

The Act dated 16 October 2019 on changes to the Act on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, as well as certain other acts, introduced the obligation for General Meetings to accept a policy regarding the remuneration of members of Management Boards and Supervisory Boards. The policy reflects in particular the provisions of the Act dated 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies as well as the Act dated 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies. The policy replaces the provisions of existing resolutions of the General Meeting regarding principles for the setting of remuneration of members of the Management Board and Supervisory Board, implementing the Act on principles for the setting of remuneration, and at the same time it expands it by required elements of the remuneration policy as set forth in art. 90d sec. 3 of the Act on public offerings.

**REMUNERATION POLICY
FOR THE MEMBERS OF
THE MANAGEMENT AND SUPERVISORY BOARDS
OF KGHM POLSKA MIEDŹ S.A.**

Lubin, May 2020

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

TABLE OF CONTENTS

CHAPTER I. INTRODUCTION.....	3
CHAPTER II. DEFINITIONS AND ABBREVIATIONS.	3
CHAPTER III. OBJECTIVE AND SCOPE.....	4
CHAPTER IV. REMUNERATION PRINCIPLES AND BASIC INFORMATION ON THE PRINCIPLES OF APPOINTING THE MEMBERS OF THE SUPERVISORY BOARD.....	4
CHAPTER V. REMUNERATION PRINCIPLES AND BASIC INFORMATION ON THE PRINCIPLES OF ENTERING INTO CONTRACTS WITH MEMBERS OF THE MANAGEMENT BOARD.....	5
CHAPTER VI. DESCRIPTION OF THE DECISION-MAKING PROCESS CARRIED OUT FOR THE PURPOSE OF ESTABLISHING AND IMPLEMENTING THE REMUNERATION POLICY.	14
CHAPTER VII. DESCRIPTION OF THE DECISION-MAKING PROCESS CARRIED OUT FOR THE PURPOSE OF REVIEWING, REVISING AND AMENDING THE REMUNERATION POLICY.	15
CHAPTER VIII. IMPACT OF THE WORKING CONDITIONS AND REMUNERATION OF COMPANY EMPLOYEES OTHER THAN THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD ON THE REMUNERATION POLICY	16
CHAPTER IX. DESCRIPTION OF THE MEANS EMPLOYED TO AVOID CONFLICTS OF INTEREST RELATED TO THE REMUNERATION POLICY OR THE MANAGEMENT OF SUCH CONFLICTS OF INTEREST	17
CHAPTER X. AMENDMENTS TO THE REMUNERATION POLICY.	17
CHAPTER XI. INDICATIONS FOR AND THE MANNER OF TEMPORARILY REFRAINING FROM THE APPLICATION OF THE POLICY BY THE SUPERVISORY BOARD, AND ELEMENTS IN RESPECT OF WHICH SUCH REFRAINMENT MAY BE APPLIED.	18
CHAPTER XII. AUTHORITY TO ELABORATE THE REMUNERATION POLICY.....	18

CHAPTER I. INTRODUCTION.

1. Based on art. 90d of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, unified text dated 22 February 2019 (Journal of Laws from 2019, item 623 with subsequent amendments) the following Remuneration Policy is hereby introduced for application in KGHM Polska Miedź S.A.
2. The manner of remunerating the Members of the Supervisory Board and of the Management Board of KGHM Polska Miedź S.A. set forth in the Remuneration Policy reflects the provisions of the Act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies, unified text dated 11 September 2019 (Journal of Laws from 2019 item 1885).
3. The Remuneration Policy reflects the existing practices of KGHM Polska Miedź S.A. as regards the application of principles for remuneration of the Members of the Management Board and the Members of the Supervisory Board.
4. The Members of the Management Board of KGHM Polska Miedź S.A. are responsible for the information contained within this Remuneration Policy.

CHAPTER II. DEFINITIONS AND ABBREVIATIONS.

The following abbreviations applied in this Remuneration Policy, indicated by capital letters, are defined as follows:

- 1) **Remuneration Policy/Policy** – this document together with its amendments and updates;
- 2) **KGHM or Company** – KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 3) **Act on public offerings** – act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, unified text dated 22 February 2019 (Journal of Laws from 2019 item 623 with subsequent amendments)
- 4) **Act on the principles of setting remuneration** – act of 9 June 2016 on the principles of setting the remuneration of individuals managing certain companies unified text dated 11 September 2019 (Journal of Laws from 2019, item 1885 with subsequent amendments);

- 5) **Member of the Management Board** – member of the management board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 6) **Management Board** – management board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 7) **Member of the Supervisory Board** – member of the supervisory board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 8) **Supervisory Board** – supervisory board of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 9) **Remuneration Committee** – committee established by the Supervisory Board under the Bylaws of the Supervisory Board;
- 10) **Statutes** – the statutes of KGHM Polska Miedź S.A. with its registered head office in Lubin;
- 11) **General Meeting** – the ordinary or extraordinary general meeting of KGHM Polska Miedź S.A. with its registered head office in Lubin.

CHAPTER III. OBJECTIVE AND SCOPE.

1. The subject of the Policy is the setting of the principles of remuneration of the Members of the Management Board of KGHM and of the Members of the Supervisory Board of KGHM.
2. The Remuneration Policy is aimed at advancing achievement of the business strategy of KGHM, as well as of the Company's long-term interests and stability.
3. The Company shall remunerate the Members of the Management Board and the Members of the Supervisory Board in compliance with this Remuneration Policy and the resolutions of the General Meeting.

CHAPTER IV. REMUNERATION PRINCIPLES AND BASIC INFORMATION ON THE PRINCIPLES OF APPOINTING THE MEMBERS OF THE SUPERVISORY BOARD.

1. In accordance with § 29 sec. 1 point 14) of the Statutes, the principles of remuneration of the Members of the Supervisory Board are set by the General Meeting.
2. The monthly remuneration of members of the Supervisory Board is hereby set as a multiple of the assessment basis as set forth in art. 1 sec. 3 point 11 of Act on the principles of setting remuneration, as well as the following multiples:
 - 1) for the Chairperson of the Supervisory Board – 2.2;
 - 2) for other Members of the Supervisory Board – 2.0.

3. The Members of the Supervisory Board shall receive the remuneration described in sec. 2 above, regardless of the number of meetings convened in a given calendar month. In case of the appointment of a Member of the Supervisory Board or of the expiry of the Member's mandate within a calendar month, the Member shall receive, as a result of serving in the function on the Supervisory Board, with due regard to sec. 4, remuneration proportionally to the number of days in which the function was served in the given calendar month.
4. Remuneration shall not be paid for any month in which the Member of the Supervisory Board was not present for any of the properly-convened meetings, and in respect of which such absence was not excused. The Supervisory Board shall make a decision as to whether an absence was or was not excused at a meeting via a resolution.
5. Apart from the remuneration referred to in sec 2 above, the Members of the Supervisory Board do not receive additional elements of remuneration, including bonuses or any other monetary benefits.
6. The Members of the Supervisory Board do not enter into labour contracts, contracts of mandate, specific-task contracts nor any other contracts of a similar nature with the Company. The Members of the Supervisory Board are not covered by additional pension-disability programs nor by early retirement programs.
7. The Members of the Supervisory Board do not receive remuneration in the form of financial instruments.
8. In accordance with art. 392 § 3 of the Commercial Partnerships and Companies Code, the Members of the Supervisory Board are refunded the costs related to their work on the Supervisory Board.
9. In accordance with art. 385 § 1 in connection with art. 386 § 1 of the Commercial Partnerships and Companies Code, based on § 16 sec. 1 and sec. 2 of the Statutes of the Company, the Members of the Supervisory Board are appointed by the General Meeting for a mutual term in the office, which lasts three years.
10. The early expiry of the legal relationship between a Member of the Supervisory Board and KGHM may occur at any time in the case of the Member's dismissal by the General Meeting, their resignation or death.

CHAPTER V. REMUNERATION PRINCIPLES AND BASIC INFORMATION ON THE PRINCIPLES OF ENTERING INTO CONTRACTS WITH MEMBERS OF THE MANAGEMENT BOARD.

1. General information

- 1) The detailed principles which shape the remuneration of the Members of the Management Board are defined by the Supervisory Board in compliance with the Remuneration Policy and with the resolutions of the General Meeting.
- 2) The Supervisory Board defines the detailed principles of remuneration of the Members of the Management Board by creating templates for the contracts entered into by the Company with the Members of the Management Board.
- 3) The total remuneration of a Member of the Management Board is composed of a fixed part, comprised of monthly basic remuneration (**Fixed Remuneration**) and a variable part, comprised of supplementary remuneration for the Company's financial year (**Variable Remuneration**).
- 4) Variable Remuneration may not exceed 100% of the Fixed Remuneration due for the prior financial year.

2. **Fixed components of the remuneration of Members of the Management Board**

- 1) The Fixed Monthly Remuneration for individual members of the Company's Management Board is within a range of seven- to fifteen times the assessment basis, as described in art. 1 sec. 3 point 11 of the Act on the principles of setting remuneration.
- 2) The Supervisory Board sets the amount of the Fixed Remuneration within the range set forth in point 1) above.

3. **Variable components of the remuneration of Members of the Management Board**

- 1) Variable Remuneration depends on the level of achievement of the management goals set for each of the Company's financial years.
- 2) In particular, the following may serve as management goals:
 - a) an increase in the Company's value;
 - b) achievement of the tasks and initiatives described in the Company's Strategy;
 - c) optimisation of the Company's operating costs;
 - d) achievement of the EBITDA level set forth in the Budget for a given financial year;
 - e) maintaining the ratios referred to in borrowing agreements (Net debt/EBITDA ratio),
 - f) improvement of economic-financial ratios other than those indicated in letters d-e;

- g) an increase in profit for the period or EBITDA, or a positive change in the indicator growth rate of one of these results;
 - h) achievement of or change in the volume of production or sales;
 - i) achievement of or change in specified ratios, in particular profitability, financial liquidity, management efficiency or solvency;
 - j) improvement in occupational health and safety;
 - k) reduced environmental impact.
- 3) The management goals prerequisite to gaining the right to receive Variable Remuneration are as follows:
- a) the shaping and application of the principles of remuneration of members of the management and supervisory bodies of subsidiaries in a manner which is consistent with the principles set forth in the Act on the principles of setting remuneration;
 - b) execution of the obligations referred to in art. 17-20, art. 22 and art. 23 with due regard to art. 18a and art. 23a of the Act of 16 December 2016 on the principles of state assets management.
- 4) The management goals, the weight of these goals and objective and measurable criteria (ratios) of their achievement and settlement (KPI) for individual Members of the Management Board, are defined by the Supervisory Board.
- 5) Variable Remuneration for the prior financial year is paid to a given Member of the Management Board, following the approval by the General Meeting of the Management Board's Report on the activities of the Company and the financial statements for the prior financial year, and the granting of approval by the General Meeting for the given Management Board Member's performance of duties in the prior financial year, following submission to the Supervisory Board of a report on the achievement of the management goals in the prior financial year and contingent upon the Supervisory Board's confirmation of their achievement. The Supervisory Board, in determining the degree of achievement of the management goals, sets the amount of Variable Remuneration to be paid to a given Member of the Management Board.

- 6) The Company has the right to claims for a return of the Variable Remuneration paid if, subsequent to its payment, it is determined that it was paid to the Member of the Management Board based on data which turned out to be false.

4. Criteria determining the granting of the variable components of remuneration as respects the financial and non-financial results (Criteria)

The Criteria are defined in each instance by the Supervisory Board when formulating each of the management goals. In particular, potential criteria for sample goals may be as follows:

Goal	Criteria
an increase in the Company's value	an increase in the Company's market capitalisation/equity ratio
achievement of the tasks and initiatives described in the Company's strategy	advancement of selected goals as set forth in the Company's strategy
optimisation of the Company's operating costs	a decrease in specified costs categories in the period/ a decrease in unit production costs
achievement of the EBITDA level set forth in the Budget for a given financial year	achievement of the EBITDA level
maintaining the ratios referred to in borrowing agreements (Net debt/EBITDA ratio)	maintaining the ratios as at the balance sheet date
an increase in profit for the period or EBITDA	an increase by a specified % compared to the prior year.
improvement in occupational health and safety	maintenance of/decrease in the accidents ratio (LTIFR) year on year / achievement of a specified initiative as regards raising the level of occupational health and safety

reduced environmental impact	reducing the emissions of certain substances to the environment/reducing emission charges
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5. Ways in which the criteria as regards financial and non-financial results in terms of granting the variable components of remuneration adopted in the remuneration policy lead to achievement of the business strategy, long-term interests and stability of the Company.

- 1) The management goals and the criteria for achieving these goals, as regards the financial and non-financial results being the basis for setting Variable Remuneration, are defined by the Supervisory Board in such a way as to be consistent with the short- and long-term strategic goals of KGHM and of the KGHM Group and with the strategic development directions, while :
 - a) The Strategy of KGHM and of the KGHM Group identifies four strategic development directions: Flexibility, Efficiency, Ecology, E-industry.
 - b) The indicated strategic development directions are reflected in individual strategic areas with the specified main targets in respect of: production, development, innovation, efficient organisation, sustainable development and safety and financial stability.
 - c) Each of the main goals was broken down into operational goals, aimed at the realisation of the main goal. Each of the six strategic areas was correlated to the four aforementioned development directions, which resulted in the creation of the initiatives matrix.
- 2) Moreover, the adopted criteria:
 - a) have a positive impact on the commitment of the Members of the Management Board in fulfilling their functions in the Company,

b) motivate the Members of the Management Board to achieve the Company's business strategy and interests,

c) lead to the proper assessment of risks by the Members of the Management Board.

6. Methods applied in determining to what extent the criteria as regards financial and non-financial results in terms of granting the variable components of remuneration were fulfilled.

- 1) The Remuneration Committee conducts a preliminary assessment of the fulfilment of the criteria as regards financial and non-financial results in terms of granting the variable components of remuneration to individual Members of the Management Board in the evaluated financial year and submits its recommendations in this regard.
- 2) The Supervisory Board confirms fulfilment of the criteria as regards financial and non-financial results in terms of granting the right to Variable Remuneration to individual Members of the Management Board in the evaluated financial year, and sets the amount of Variable Remuneration to be granted to the Member of the Management Board.
- 3) The Remuneration Committee and Supervisory Board perform their evaluations based on the report on the performance of the management goals in the financial year, financial statements verified by the auditing firm and other documents (external and internal), depending on the indicated goals.
- 4) The Remuneration Committee and Supervisory Board may obtain necessary explanations and analyses from the Company and may utilise the support of Company employees in order to assess the fulfilment of individual criteria.
- 5) The Remuneration Committee or Supervisory Board may outsource the verification of fulfilment of individual criteria to external experts, if they consider this to be necessary.

7. Additional components of remuneration and other monetary and non-monetary benefits to which the Members of the Management Board are entitled; costs incurred by the Company related to serving in the function.

- 1) The Supervisory Board, in the contract with the Member of the Management Board, defines the scope and the principles for making available technical

devices and assets belonging to the Company which are required to perform the function, and may also establish limits or the means for determining the costs to be incurred by the Company in making available such devices and assets, as well as their utilisation, by a Member of the Management Board for business purposes.

- 2) The Members of the Management Board may not receive monetary benefits other than Fixed Remuneration and Variable Remuneration.
- 3) The Company incurs or refinances costs associated with the fulfilment by a Member of the Management Board of their function and with the performance of the management services contract to the extent required to properly perform this function and fulfil the contract.
- 4) The Company incurs or refinances costs of individual training for a Member of the Management Board associated with the performance of the management services contract between the Member of the Management Board and the Company and the resulting obligations of the Member of the Management Board after prior consent in each instance of the Chairperson of the Supervisory Board.
- 5) The Company, during the life of the management services contract between the Member of the Management Board and the Company, incurs the costs of civil insurance for those persons serving in management functions in the Company.
- 6) A Member of the Management Board may also utilise other benefits, in particular such as those provided by the Company for Company management staff in relevant Company internal regulations or in resolutions of the Company's bodies – with the proviso that the Supervisory Board sets the principles for the granting or utilisation of such benefits by a Member of the Management Board by way of resolutions.
- 7) The Members of the Management Board may participate in the Employee Pension Program (EPP) under the terms of the Collective Agreement entered into in Lubin on 27 June 2005 between KGHM Polska Miedź S.A. and Employee Representation involving the Employee Pension Program. The EPP is conducted in the form of employee contributions to an investment fund. The amount of the basic contribution financed by KGHM is 7% of remuneration. If a Member of

the Management Board joins the EPP, the amount of Fixed Remuneration of such a Member of the Management Board is set together with the amount of the basic contribution to the EPP. The Member of the Management Board may also request that the Company deduct and transfer the amount of the additional contribution from his/her Fixed Remuneration.

8. Information on contracts entered into with Members of the Management Board

- 1) A management services contract is entered into with a Member of the Management Board for the time in which the function is served (Contract) providing for services to be performed in person, regardless of whether or not a Member of the Management Board performs the contract within the scope of their own business activities. A non-competition contract may be entered into with a Member of the Management Board following termination of the Contract, with the proviso that the wording of the Contract may contain the wording of the non-competition contract without the need to enter into a separate non-competition contract.
- 2) A Contract is entered into for the time during which the Member of the Management Board serves in the function on the Management Board. In the case of the expiry of a mandate, in particular in the case of death, dismissal, resignation or completion of a mandate, a Contract is terminated on the final day on which the function on the Management Board is served, with no notice period and without the need to take additional actions.
- 3) Both the Member of the Management Board and the Company have the right to immediately terminate the contract in the case of any substantial breach of the Contract by the other party. An open catalogue of substantial breaches shall be set by the Supervisory Board via a resolution setting forth the template for the management services contracts entered into by the Company with the Member of the Management Board.
- 4) Each of the Parties has the right to terminate the Contract for reasons other than those described in point 3) above, with a maximum three-month notice period, with the proviso that if, during the notice period, there occur any events which result in termination of the Contract due to death, dismissal or

resignation from serving in a function on the Management Board, then the Contract shall be terminated upon the occurrence of such an event.

- 5) The Contract reflects the obligation for the Members of the Management Board to announce any intent to serve in a function in the body of another commercial company or to acquire shares thereof, and also may provide for prohibiting serving in a function in the body of any other commercial company or may introduce other restrictions involving the additional activities of a Member of the Management Board.
- 6) A Member of the Management Board may not receive remuneration for fulfilling a function in a body of the Company's subsidiaries in the Group as defined under art. 4 point 14 of the Act dated 16 February 2007 on competition and consumer protection.
- 7) The Supervisory Board shall specify in the Contract with a Member of the Management Board the bans and restrictions referred to in points 5) and 6) above, reporting obligations from adherence thereto and sanctions for improper performance.
- 8) In case of the termination with or without notice by the Company of the Contract due to causes other than those specified in point 3) above, the Member of the Management Board may be granted compensation, in an amount not higher than 3 (three)-times the Fixed Remuneration, contingent upon the member having served in the function on the Management Board for a period of at least 12 (twelve) months prior to the termination of the Contract.
- 9) A Member of the Management Board shall not be entitled to the compensation referred to in point 8) above in the following cases:
 - a) the Contract is terminated with or without notice or changed due to a change in the function served by the Member of the Management Board on the Management Board,
 - b) the Contract is terminated with or without notice or changed due to the appointment of the Member of the Management Board for another term on the Management Board,
 - c) appointment to the function of member of the management board in a company within the KGHM Group,

- d) resignation from serving in the function on the Management Board.
- 10) The Supervisory Board may enter into a non-competition contract with a Member of the Management Board which would come into force upon termination of service, with the proviso that it may only be entered into if the Member of the Management Board serves in the function on the Management Board for a period of at least 6 (six) months.
- 11) The signing of a non-competition contract following the termination with or without notice of a Contract is forbidden.
- 12) The non-competition period may not exceed 6 (six) months upon termination of service of a Member of the Management Board.
- 13) The amount of monthly compensation for adhering to the non-competition clause may not exceed the Fixed Remuneration.
- 14) If a Member of the Management Board fails to execute or improperly executes the non-competition contract, he/she will be obliged to pay a contractual penalty to the Company which is not lower than the amount of compensation due for the entire period in which the non-competition clause is in force.
- 15) The Supervisory Board shall specify in the non-competition contract at least the competitive activities towards the Company, the amount of compensation for adhering to the non-competition clause, the deadlines for paying out such compensation, the informational obligations of the Member of the Management Board and situations in which the non-competition clause ceases to apply, and may also set forth the Company's rights to withdraw from the non-competition contract or the rights of the parties to terminate the non-competition contract.

CHAPTER VI. DESCRIPTION OF THE DECISION-MAKING PROCESS CARRIED OUT FOR THE PURPOSE OF ESTABLISHING AND IMPLEMENTING THE REMUNERATION POLICY.

1. The Members of the Management Board are responsible for preparation of the Remuneration Policy. The Management Board, at least once every four years, is required to submit an updated Policy proposal to the General Meeting.
2. The President of the Management Board of KGHM, under official order no. PZ/32/2019 dated 18 December 2019, appointed a team for the purpose of carrying

out work and activities aimed at establishment of such a Policy by the General Meeting.

3. The team referred to in sec. 2 above was appointed with persons from the following corporate divisions:
 - 1) corporate and legal affairs,
 - 2) human resources management,
 - 3) corporate supervision, and
 - 4) audit and control.
4. The team developed a draft Policy and presented it to the Company's Management Board.
5. The Management Board, following the review of the results of the team's work referred to in sec. 2 above, adopted on 20 May 2020 resolution no. 152/X/2020 on adoption of a proposed Remuneration Policy and requested the Supervisory Board to present its evaluation on a proposed resolution of the General Meeting on the establishment of the Remuneration Policy.
6. The Supervisory Board, after receiving the recommendation of the Remuneration Committee, by resolution no. 46/X/20 dated 20 May 2020 positively evaluated the presented proposed resolution of the General Meeting on acceptance of the Remuneration Policy.

CHAPTER VII. DESCRIPTION OF THE DECISION-MAKING PROCESS CARRIED OUT FOR THE PURPOSE OF REVIEWING, REVISING AND AMENDING THE REMUNERATION POLICY.

1. The Management Board is responsible for ensuring that the Remuneration Policy remains up-to-date, and is obliged to present to the General Meeting, not less than every four years, a proposed update of the Policy should there occur any events of a factual or legal nature justifying such a change.
2. The President of the Management Board of KGHM, every year, within a timeframe enabling the preparation of any potential proposed amendment of the Policy and its presentation to the Ordinary General Meeting, shall appoint a team to revise the Policy and to develop any potential proposed amendments to the Policy should there occur any events of a factual or legal nature justifying such a change in the Policy.

3. The team referred to in sec. 2 above shall be appointed with persons from the following corporate divisions:
 - 1) corporate and legal affairs,
 - 2) human resources management,
 - 3) corporate supervision, and
 - 4) audit and control.
4. The team shall revise the Policy within the timeframe specified in the official order, should the occurrence of any events of a factual or legal nature justifying such an amendment in the Policy be confirmed, a proposed amended Policy shall be prepared and presented to the Company's Management Board. If the occurrence of any events of a factual or legal nature justifying such an amendment in the Policy is determined not to have transpired, the team referred to in sec. 2 above shall present to the Management Board a report on its work and its final conclusions. The Management Board shall present the report referred to in the previous sentence to the Supervisory Board.
5. The Management Board, after presenting the proposed amendments to the Policy, shall add a point to the agenda of the General Meeting regarding an amendment to the Remuneration Policy, preceded by the presentation of a proposed resolution of the General Meeting to the Supervisory Board to obtain its evaluation.
6. Any amendment of the Policy requires a resolution of the General Meeting.

CHAPTER VIII. IMPACT OF THE WORKING CONDITIONS AND REMUNERATION OF COMPANY EMPLOYEES OTHER THAN THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD ON THE REMUNERATION POLICY

1. The Company reflects in the Remuneration Policy the working conditions and remuneration of the Company's employees in such a way as to correlate the amount of remuneration of the Members of the Management Board and Supervisory Board with their responsibilities resulting from the heightened risk arising from serving in their functions in the Company's bodies, as well as the impact of a Member of the Management Board's or Member of the Supervisory Board's actions or their failure to act on the Company.

2. A Member of the Management Board may utilise in particular such benefits as are provided by the Company for its management staff in relevant Company internal regulations or in resolutions adopted by the Company's bodies with due regard to the terms specified in Chapter V sec. 7 point 6) above.
3. The Members of the Management Board are entitled to participate in the Employee Pension Program under the terms specified in the Collective Agreement, as referred to in Chapter V sec. 7 point 7) above.

CHAPTER IX. DESCRIPTION OF THE MEANS EMPLOYED TO AVOID CONFLICTS OF INTEREST RELATED TO THE REMUNERATION POLICY OR THE MANAGEMENT OF SUCH CONFLICTS OF INTEREST

1. The Remuneration Policy implements all of the requirements and restrictions set forth in the Act on the principles of setting remuneration.
2. The Members of the Supervisory Board are obliged to disclose to the Supervisory Board any relationships with Members of the Management Board which could result in a conflict of interests when applying the Remuneration Policy, in particular in the setting of management goals, the criteria for their fulfilment and assessment of the fulfilment of the criteria representing the basis for granting Variable Remuneration.
3. A Member of the Supervisory Board who, as a result of self-evaluation, has discovered the existence of a conflict of interests or a potential conflict of interests, is required to refrain from such actions or to announce such a question for deliberation by the Supervisory Board.
4. In the situation specified in sec. 3 above the Supervisory Board, by way of a resolution, shall resolve the question of participation of the Member of the Supervisory Board in specified actions related with the Remuneration Policy.

CHAPTER X. AMENDMENTS TO THE REMUNERATION POLICY.

1. The Remuneration Policy is the first regulation adopted by the Company based on art. 90d of the Act on public offerings.
2. Amendments to the Policy may be carried out with respect to the amount of Fixed Remuneration of a Member of the Management Board, if there arise exceptional

circumstances involving the company or the market in which it operates, in particular if the company:

- 1) engages in a program of consolidation of companies of the Group which results in substantial changes to the structure of its assets or revenues,
- 2) engages in an investment program which substantially exceeds the value of its non-current assets,
- 3) engages in a program of restructurisation, with at least a 3-year time horizon, which results in a substantial change to the structure of the Company's assets or revenues.

CHAPTER XI. INDICATIONS FOR AND THE MANNER OF TEMPORARILY REFRAINING FROM THE APPLICATION OF THE POLICY BY THE SUPERVISORY BOARD, AND ELEMENTS IN RESPECT OF WHICH SUCH REFRAINMENT MAY BE APPLIED.

The Company does not foresee the possibility of temporarily refraining from the application of the Remuneration Policy.

CHAPTER XII. AUTHORITY TO ELABORATE THE REMUNERATION POLICY.

The Supervisory Board is hereby authorised to elaborate those elements of the Remuneration Policy specified in art. 90d sec. 3 point 1, sec. 4 point 1 and 4 and in sec. 5 of the Act on public offerings, within the limits imposed by the Remuneration Policy.

**Resolution No. /2020
of the Ordinary General Meeting of KGHM Polska Miedź S.A.
with its registered head office in Lubin dated 19 June 2020**

regarding: amending the Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin.

The Ordinary General Meeting of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin, acting on the basis of art. 430 § 1 of the Commercial Partnerships and Companies Code and § 29 sec. 1 point 5) of the Statutes of the Company, resolves the following:

§ 1.

The following amendments are made to the "Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin":

1. **§ 12 sec. 3 point 4) of the Statutes is given the following wording:**
"The announcement on the qualification proceedings shall be published on the Company's website and in the Public Information Bulletin on the website of the Ministry of State Assets.
2. **In § 12 sec. 3 of the Statutes point 5 is deleted with the following wording:**
"5) The date for accepting offers may not be shorter than 14 days from the date of publication of the announcement on the qualification proceedings."
3. **§ 20 sec. 2 point 6) of the Statutes is given the following wording:**
"6) choosing an auditing firm to audit the statements referred to in point 1,".
4. **In § 20 sec. 2 point 9) of the Statutes, the signature of the journal of laws is deleted:**
"(Journal of Laws of 2016, item 1202 with subsequent amendments)".
5. **In § 20 sec. 2 point 13) of the Statutes, letter a) with the following wording is deleted:**
"letter a) the purchase and sale of real estate, of perpetual usufruct or of a stake in real estate (this does not require a resolution of the General Meeting);".
6. **In § 20 sec. 2 point 16) of the Statutes, the signature of the journal of laws is deleted:**
"(Journal of Laws from 2017 item 229)".
7. **§ 20 sec. 2 point 17) of the Statutes is given the following wording:**
"17) acceptance of the reports prepared by the Management Board on: representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management, as well as a report on the application of best practices defined by article 7 section 3 point 2 of the Act of 16 December 2016 on the principles of state assets management,".
8. **§ 20 sec. 3 point 1) of the Statutes is given the following wording:**
"1) conclusion of agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, if the total expected remuneration for providing such services in the agreement or other agreements entered into with the same entity exceeds the net amount of PLN 500 000 per year,".

9. § 20 sec. 3 points 3) – 5) of the Statutes are given the following wording:

"3) conclusion of agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, in which the maximum amount of remuneration is not determined,

4) conclusion of donation agreements or other agreements with similar implications, with a value exceeding PLN 20 000 or 0.1% of total assets pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements,

5) conclusion of debt discharge agreements or other agreements with similar implications, with a value exceeding PLN 50 000 or 0.1% of total assets pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements."

10. In § 20 sec. 3 of the Statutes, points 6) - 9) are added, with the following wording:

6) disposing of the components of non-current assets pursuant to the provisions of the Accounting Act of 29 September 1994, classified as intangible assets, property, plant and equipment or long-term investments, including their use as a contribution to a company or cooperative, if the market value of such components exceeds PLN 50 000 000 or 5% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements, as well as making such components available for use by another entity for a period longer than 180 days in a calendar year, on the basis of a legal act, if the market value of the subject of the legal act exceeds PLN 1 000 000 or 5% of total assets, with the proviso that making an asset available for use in the case of:

a) rental agreements, lease agreements and other agreements making a component of an asset available for use by other entities for consideration – the market value of the subject of a legal act shall be understood as the value of benefits for:

- one year – if a component of an asset is made available for use on the basis of agreements entered into for an unspecified period of time,*
- the whole term of an agreement – for agreements entered into for a specified period of time,*

b) commodity agreements and other agreements making a component of an asset available for use, free of charge by other entities – the market value of the subject of a legal act shall be understood as the equivalent of benefits which would be available in the case of entering into a rental or lease agreement for:

- one year – if a component of an asset is made available for use on the basis of an agreement entered into for an unspecified period of time,*
- the whole term of an agreement – for agreements entered into for a specified period of time,*

7) acquiring components of non-current assets pursuant to the Accounting Act of 29 September 1994 whose value exceeds:

a) PLN 50 000 000, or

b) 5% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements,

8) subscribing for or acquiring shares in another company whose value exceeds:

a) PLN 50 000 000, or

b) 10% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements,

- 9) disposing of shares in another company whose market value exceeds:
- PLN 50 000 000, or
 - 10% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements.”.

11. In § 29 of the Statutes, sec. 5 is added, with the following wording:

“5. The acquisition and disposal of real estate, of a perpetual usufruct right or of a stake in real estate or in a perpetual usufruct right does not require a resolution of the General Meeting. The acquisition and disposal of real estate, of a perpetual usufruct right or of a stake in real estate or in a perpetual usufruct right requires a resolution of the Management Board, and in cases specified in § 20 section 3 point 6 and 7, also an approval of the Supervisory Board”.

12. § 33¹ of the Statutes is given the following wording:

“§ 33¹

1. The disposal by the Company of the components of non-current assets, pursuant to the Accounting Act of 29 September 1994, with a market value exceeding 0.1% of total assets, pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements, shall be carried out by way of a tender or an auction, unless the market value of the disposed components of assets does not exceed PLN 20 000.
2. The Company may dispose of components of non-current assets without carrying out a tender or an auction, if:
 - 1) the subject of the agreement are shares or other components of non-current financial assets or licenses, patents or other industrial property rights or know-how, if a resolution of the Supervisory Board sets the conditions and the terms of disposal other than by a public tender or an auction,
 - 2) disposal is made as part of liquidation proceedings, on terms set by a resolution of the General Meeting with due regard to individual provisions,
 - 3) the subject of the disposal is housing owned by the Company, and sale is made for a price not lower than 50 % of its market value, to a tenant or to a person, pursuant to art. 4 point 13 of the Act of 21 August 1997 on property management, closely related to and permanently cohabiting with said tenant; the price shall be set with due regard to the fact that the subject of the sale is occupied housing; the value of improvements carried out by the tenant shall be counted against the price of the housing,
 - 4) disposal is made to subsidiaries of the Company,
 - 5) the subject of the disposal are rights to the emission of CO₂ and their equivalents,
 - 6) there is an other than in points 1) – 5) justified instance, disposal is made at the request of the Management Board, for the price and on terms set by a resolution of the Supervisory Board.
3. The disposal of components of non-current assets by way of a tender or an auction shall be carried out complying with the following requirements:
 - 1) An announcement of a tender or an auction shall be placed in the Public Information Bulletin on the official website of the Ministry of State Assets, on the website of the Company, in a visible, publicly-available place at the Company's head office and in other places which are customarily used for such announcements.
 - 2) A tender or an auction may be held no sooner than 14 days from the date the tender or the auction is announced.
 - 3) The following may not participate as bidders in a tender or an auction:
 - a) Members of the Company's Management Board and Supervisory Board,
 - b) the business entity conducting the tender or the auction and members of its management board and supervisory board,
 - c) persons responsible for handling the tender or the auction process,
 - d) spouses, children, parents and siblings of the persons mentioned in points a-c,

- e) persons who are in such a legal or factual relationship with the person conducting the tender or the auction, that legitimate doubts could be raised as to the impartiality of the person conducting the tender or the auction.
 - 4) A condition for participating in the tender or the auction shall be a security deposit of at least 5% of the asking price of the components of non-current assets being sold. The rules referred to in sec. 4 may call for a higher security deposit.
 - 5) Prior to the tender or the auction the Company shall set an asking price which may not be lower than the market value set by an expert; if this value cannot be determined, the price may not be lower than the net carrying amount.
 - 6) The Company may refrain from estimating the value of the disposed components of non-current assets by the expert if:
 - a) the cost of the estimation of the components of non-current assets clearly exceeds their market value,
 - b) the components of non-current asset has a set market price.
 - 7) The tender or the auction shall be won by the bidder offering the highest price.
 - 8) The organisers of the tender or the auction retain the right to terminate the tender or the auction without selecting any of the bids, without providing reasons thereto.
- 4. The detailed principles and manner of conducting the tender or the auction, including the wording of the announcement, and the conditions of the tender or the auction, shall be set forth by the Management Board in the form of rules.**

13. § 34 sec. 3 and 4 of the Statutes are given the following wording:

- "3. Together with the report on the activities of the Company for the previous financial year, the Management Board shall submit the following reports to the Supervisory Board: a) on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management,
 - b) on the application of best practices as defined by the President of the Council of Ministers based on art. 7 sec. 3 point 2 of the Act of 16 December 2016 on the principles of state assets management.
4. The Management Board of the Company is obligated to take actions aimed at introduction to the statutes or companies' articles, excluding the companies in bankruptcy, in which the Company is the parent entity, pursuant to art. 4 point 3 of the Competition and Consumer Protection Act of 16 February 2007, of principles, requirements and responsibilities described in art. 17 – 20, art. 22 and art. 23, taking into account art. 23a of the Act of 16 December 2016 on the principles of state assets management, in particular in respect of the approvals of the company bodies for taking specified legal actions, the principles of the disposal of components of non-current assets, and changing the composition of the management board and the supervisory board, and also reporting obligations of the management board."

§ 2.

The following resolutions of the Extraordinary General Meeting dated 19 December 2019 shall expire:

- 1) Resolution no. 8/2019 regarding: disposal of non-current assets;
- 2) Resolution no. 9/2019 regarding: principles and procedures for disposal of non-current assets;
- 3) Resolution no. 10/2019 regarding: rules of procedure when concluding agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management;
- 4) Resolution no. 11/2019 regarding: obligation to submit a report on the application of best practices;

- 5) Resolution no. 12/2019 regarding: implementation of the principles stipulated in the Act on the principles of state assets management in companies in which the Company is the parent entity.

§ 3.

This resolution comes into force on the date it is adopted, effective from the date of entry of these amendments to the register of entrepreneurs of the National Court Register.

Legal basis: § 19 sec. 1 point 4 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757)

Translation from the original Polish version.

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



MINISTER OF STATE ASSETS

DN II.II.4620.4.2020

Warsaw, 5 June 2020

IK: 486626

**Management Board
KGHM Polska Miedź S.A.**

Dear All,

With respect to the Ordinary General Meeting of KGHM Polska Miedź S.A. (KGHM, Company) convened for 19 June 2020, the agenda of which foresees the adoption of a resolution regarding the acceptance of the „Remuneration Policy for the Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A.”, acting on behalf of the State Treasury as a Shareholder, based on proxy authority dated 4 June 2020 entered into a notary act prepared by Robert Błaszcak, Notary in Warsaw, Repertory A No. 20015/2020 which has been granted to me by Minister of State Assets, representing the State Treasury on the basis of art. 7 sec. 2 point 1 of the Act dated 16 December 2016 on the principles of state assets management (Journal of Laws from 2020, item 735), I herein announce proposed amendments to do the published wording of the appendix to the proposed resolution presented by the Company.

Amendments to the appendix to the proposed resolution presented by the Company:

- 1) sec. 3 Chapter III. Objective and Scope, in the wording proposed by the Company:
„3. The Company shall remunerate the Members of the Management Board and the Members of the Supervisory Board solely in compliance with this Remuneration Policy.”

shall receive the following wording:

„3. The Company shall remunerate the Members of the Management Board and the Members of the Supervisory Board in compliance with this Remuneration Policy and the resolutions of the General Meeting.”

- 2) sec. 1 Chapter IV. Remuneration principles and basic information on the principles of appointing the members of the Supervisory Board, in the wording proposed by the Company:
„1. In accordance with § 29 sec. 1 point 14) of the Statutes, the principles of remuneration of the Supervisory Board are set by the General Meeting.”

shall receive the following wording:

„1. In accordance with § 29 sec. 1 point 14) of the Statutes, the principles of remuneration of the Members of the Supervisory Board are set by the General Meeting.”

- 3) sec. 5 Chapter IV. Remuneration principles and basic information on the principles of appointing the members of the Supervisory Board, in the wording proposed by the Company:

„5. Apart from the remuneration referred to in sec 2 above, the Supervisory Board does not receive additional elements of remuneration, including bonuses or any other monetary benefits.”

shall receive the following wording:

„5. Apart from the remuneration referred to in sec 2 above, the Members of the Supervisory Board do not receive additional elements of remuneration, including bonuses or any other monetary benefits.”

- 4) sec. 9 Chapter IV. Remuneration principles and basic information on the principles of appointing the members of the Supervisory Board, in the wording proposed by the Company:

„9. In accordance with art. 385 § 1 in connection with art. 386 § 1 of the Commercial Partnerships and Companies Code, based on § 16 sec. 1 and sec. 2 of the Statutes of the Company, the Supervisory Board is appointed by the General Meeting for a mutual term in the office, which lasts three years.”

shall receive the following wording:

„9. In accordance with art. 385 § 1 in connection with art. 386 § 1 of the Commercial Partnerships and Companies Code, based on § 16 sec. 1 and sec. 2 of the Statutes of the Company, the Members of the Supervisory Board are appointed by the General Meeting for a mutual term in the office, which lasts three years.”

- 5) sec. 1 point 1 Chapter V. Remuneration principles and basic information on the principles of appointing the members of the management board and of entering into contracts with them, in the wording proposed by the Company:

„1) The detailed principles which shape the remuneration of the Members of the Management Board are defined by the Supervisory Board in compliance with the Remuneration Policy.”

shall receive the following wording:

„1) The detailed principles which shape the remuneration of the Members of the Management Board are defined by the Supervisory Board in compliance with the Remuneration Policy and with the resolutions of the General Meeting.”

- 6) sec. 6 point 3 Chapter V. Remuneration principles and basic information on the principles of appointing the members of the management board and of entering into contracts with them, in the wording proposed by the Company:

„3) The Remuneration Committee and Supervisory Board perform their evaluations based on the financial statements verified by the auditing firm and other documents (external and internal), depending on the indicated goals.”

shall receive the following wording:

„3) The Remuneration Committee and Supervisory Board perform their evaluations based on the report on the performance of the management goals in the financial year, financial statements verified by the auditing firm and other documents (external and internal), depending on the indicated goals.”

- 7) sec. 8 point 1 Chapter V. Remuneration principles and basic information on the principles of appointing the members of the management board and of entering into contracts with them, in the wording proposed by the Company:

„1) The following contracts are entered into with a Member of the Management Board:

- a) *a management services contract for the time in which the function is served (Contract) providing for services to be performed in person, regardless of whether or not a Member of the Management Board performs the contract within the scope of their own business activities,*
- b) *a non-competition contract during the life of the contract and following termination of the Contract, with the proviso that the wording of the Contract may contain the wording of the non-competition contract without the need to enter into a separate non-competition contract.”*

shall receive the following wording:

„1) A management services contract is entered into with a Member of the Management Board for the time in which the function is served (Contract) providing for services to be performed in person, regardless of whether or not a Member of the Management Board performs the contract within the scope of their own business activities. A non-competition contract may be entered into with a Member of the Management Board following termination of the Contract, with the proviso that the wording of the Contract may contain the wording of the non-competition contract without the need to enter into a separate non-competition contract.”

- 8) sec. 8 point 4 Chapter V. Remuneration principles and basic information on the principles of appointing the members of the management board and of entering into contracts with them, in the wording proposed by the Company:

„Each of the Parties has the right to terminate the Contract for reasons other than those described in point 3) above, with a three-month notice period, with the proviso that if, during the notice period, there occur any events which result in termination of the Contract due to termination of service, then the Contract shall be terminated upon the termination of service in the Management Board.”

shall receive the following wording:

„Each of the Parties has the right to terminate the Contract for reasons other than those described in point 3) above, with a maximum three-month notice period, with the proviso that if, during the notice period, there occur any events which result in termination of the Contract due to death, dismissal or resignation from serving in a function on the Management Board, then the Contract shall be terminated upon the occurrence of such an event.”

- 9) sec. 8 point 5 Chapter V. Remuneration principles and basic information on the principles of appointing the members of the management board and of entering into contracts with them, in the wording proposed by the Company:

„5) The Contract reflects the obligation for the Member of the Management Board to announce any intent to serve in a function in the body of another commercial company or to acquire shares thereof, and also may provide for prohibiting serving in a function in the body of any other commercial company or may introduce other restrictions involving the additional activities of a Member of the Management Board.”

shall receive the following wording:

„5) The Contract reflects the obligation for the Member of the Management Board to announce any intent to serve in a function in the body of another commercial company or to acquire shares thereof, and also may provide for prohibiting serving in a function in the body of any other commercial company or may introduce other restrictions involving the additional activities of a Member of the Management Board.”

The introduction of the aforementioned proposed changes is a result of the adoption in prior years, based on the Act of 9 June 2016 on the terms of setting the remuneration of individuals managing certain companies, of resolutions by the General Meeting regarding the principles of remuneration of the Members of the Management Board and of the Supervisory Board, and are aimed at ensuring the principle of uniformity of the Company's corporate documents.

At the same time, as a result of adding to the agenda the point „Adoption of resolutions regarding amendments to the „Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin”, I hereby present a proposed resolution regarding amending the Statutes:

**Resolution No. /2020
of the Ordinary General Meeting of KGHM Polska Miedź S.A.
with its registered head office in Lubin dated 19 June 2020**

regarding: amending the Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin

The Ordinary General Meeting of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin, acting on the basis of art. 430 § 1 of the Commercial Partnerships and Companies Code and § 29 sec. 1 point 5) of the Statutes of the Company, resolves the following:

§ 1.

The following amendments are made to the "Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin":

- 1. § 12 sec. 3 point 4) of the Statutes is given the following wording:**
"The announcement on the qualification proceedings shall be published on the Company's website and in the Public Information Bulletin on the website of the Ministry of State Assets."
- 2. In § 12 sec. 3 of the Statutes point 5 is deleted with the following wording:**
"5) The date for accepting offers may not be shorter than 14 days from the date of publication of the announcement on the qualification proceedings."
- 3. § 20 sec. 2 point 6) of the Statutes is given the following wording:**
"6) choosing an auditing firm to audit the statements referred to in point 1,".
- 4. In § 20 sec. 2 point 9) of the Statutes, the signature of the journal of laws is deleted:**
"(Journal of Laws of 2016, item 1202 with subsequent amendments)".
- 5. In § 20 sec. 2 point 13) of the Statutes, letter a) with the following wording is deleted:**
"letter a) the purchase and sale of real estate, of perpetual usufruct or of a stake in real estate (this does not require a resolution of the General Meeting);".
- 6. In § 20 sec. 2 point 16) of the Statutes, the signature of the journal of laws is deleted:**
"(Journal of Laws from 2017 item 229)".
- 7. § 20 sec. 2 point 17) of the Statutes is given the following wording:**
"17) acceptance of the reports prepared by the Management Board on: representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management, as well as a report on the application of best practices defined by article 7 section 3 point 2 of the Act of 16 December 2016 on the principles of state assets management,".
- 8. § 20 sec. 3 point 1) of the Statutes is given the following wording:**
"1) conclusion of agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, if the total expected remuneration for providing such services in the agreement or other agreements entered into with the same entity exceeds the net amount of PLN 500 000 per year,".
- 9. § 20 sec. 3 points 3) – 5) of the Statutes are given the following wording:**
"3) conclusion of agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, in which the maximum amount of remuneration is not determined,
4) conclusion of donation agreements or other agreements with similar implications, with a value exceeding PLN 20 000 or 0.1% of total assets pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements,

5) conclusion of debt discharge agreements or other agreements with similar implications, with a value exceeding PLN 50 000 or 0.1% of total assets pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements.”.

10. In § 20 sec. 3 of the Statutes, points 6) - 9) are added, with the following wording:

6) disposing of the components of non-current assets pursuant to the provisions of the Accounting Act of 29 September 1994, classified as intangible assets, property, plant and equipment or long-term investments, including their use as a contribution to a company or cooperative, if the market value of such components exceeds PLN 50 000 000 or 5% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements, as well as making such components available for use by another entity for a period longer than 180 days in a calendar year, on the basis of a legal act, if the market value of the subject of the legal act exceeds PLN 1 000 000 or 5% of total assets, with the proviso that making an asset available for use in the case of:

- a) rental agreements, lease agreements and other agreements making a component of an asset available for use by other entities for consideration – the market value of the subject of a legal act shall be understood as the value of benefits for:
 - one year – if a component of an asset is made available for use on the basis of agreements entered into for an unspecified period of time,
 - the whole term of an agreement – for agreements entered into for a specified period of time,
- b) commode agreements and other agreements making a component of an asset available for use, free of charge by other entities – the market value of the subject of a legal act shall be understood as the equivalent of benefits which would be available in the case of entering into a rental or lease agreement for:
 - one year – if a component of an asset is made available for use on the basis of an agreement entered into for an unspecified period of time,
 - the whole term of an agreement – for agreements entered into for a specified period of time,

7) acquiring components of non-current assets pursuant to the Accounting Act of 29 September 1994 whose value exceeds:

- a) PLN 50 000 000, or
 - b) 5% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements,
- 8) subscribing for or acquiring shares in another company whose value exceeds:
- a) PLN 50 000 000, or
 - b) 10% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements,
- 9) disposing of shares in another company whose market value exceeds:
- a) PLN 50 000 000, or
 - b) 10% of total assets pursuant to the Accounting Act of 29 September 1994 established on the basis of the most recently approved financial statements.”.

11. In § 29 of the Statutes, sec. 5 is added, with the following wording:

“5. The acquisition and disposal of real estate, of a perpetual usufruct right or of a stake in real estate or in a perpetual usufruct right does not require a resolution of the General Meeting. The acquisition and disposal of real estate, of a perpetual usufruct right or of a stake in real estate or in a perpetual usufruct right requires a resolution of the Management Board, and in cases specified in § 20 section 3 point 6 and 7, also an approval of the Supervisory Board”.

12. § 33¹ of the Statutes is given the following wording:

“§ 33¹

1. The disposal by the Company of the components of non-current assets, pursuant to the Accounting Act of 29 September 1994, with a market value exceeding 0.1% of total assets, pursuant to the Accounting Act of 29 September 1994, determined based on the most recently approved financial statements, shall be carried out by way of a tender or an auction, unless the market value of the disposed components of assets does not exceed PLN 20 000.
2. The Company may dispose of components of non-current assets without carrying out a tender or an auction, if:
 - 1) the subject of the agreement are shares or other components of non-current financial assets or licenses, patents or other industrial property rights or know-how, if a resolution of the Supervisory Board sets the conditions and the terms of disposal other than by a public tender or an auction,
 - 2) disposal is made as part of liquidation proceedings, on terms set by a resolution of the General Meeting with due regard to individual provisions,
 - 3) the subject of the disposal is housing owned by the Company, and sale is made for a price not lower than 50 % of its market value, to a tenant or to a person, pursuant to art. 4 point 13 of the Act of 21 August 1997 on property management, closely related to and permanently cohabiting with said tenant; the price shall be set with due regard to the fact that the subject of the sale is occupied housing; the value of improvements carried out by the tenant shall be counted against the price of the housing,
 - 4) disposal is made to subsidiaries of the Company,
 - 5) the subject of the disposal are rights to the emission of CO₂ and their equivalents,
 - 6) there is an other than in points 1) – 5) justified instance, disposal is made at the request of the Management Board, for the price and on terms set by a resolution of the Supervisory Board.
3. The disposal of components of non-current assets by way of a tender or an auction shall be carried out complying with the following requirements:
 - 1) An announcement of a tender or an auction shall be placed in the Public Information Bulletin on the official website of the Ministry of State Assets, on the website of the Company, in a visible, publically-available place at the Company's head office and in other places which are customarily used for such announcements.
 - 2) A tender or an auction may be held no sooner than 14 days from the date the tender or the auction is announced.
 - 3) The following may not participate as bidders in a tender or an auction:
 - a) Members of the Company's Management Board and Supervisory Board,
 - b) the business entity conducting the tender or the auction and members of its management board and supervisory board,
 - c) persons responsible for handling the tender or the auction process,
 - d) spouses, children, parents and siblings of the persons mentioned in points a-c,
 - e) persons who are in such a legal or factual relationship with the person conducting the tender or the auction, that legitimate doubts could be raised as to the impartiality of the person conducting the tender or the auction.
 - 4) A condition for participating in the tender or the auction shall be a security deposit of at least 5% of the asking price of the components of non-current assets being sold. The rules referred to in sec. 4 may call for a higher security deposit.
 - 5) Prior to the tender or the auction the Company shall set an asking price which may not be lower than the market value set by an expert; if this value cannot be determined, the price may not be lower than the net carrying amount.
 - 6) The Company may refrain from estimating the value of the disposed components of non-current assets by the expert if:
 - a) the cost of the estimation of the components of non-current assets clearly exceeds their market value,
 - b) the components of non-current asset has a set market price.
 - 7) The tender or the auction shall be won by the bidder offering the highest price.

8) The organisers of the tender or the auction retain the right to terminate the tender or the auction without selecting any of the bids, without providing reasons thereto.

4. The detailed principles and manner of conducting the tender or the auction, including the wording of the announcement, and the conditions of the tender or the auction, shall be set forth by the Management Board in the form of rules.

13. § 34 sec. 3 and 4 of the Statutes are given the following wording:

"3. Together with the report on the activities of the Company for the previous financial year, the Management Board shall submit the following reports to the Supervisory Board: a) on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management, b) on the application of best practices as defined by the President of the Council of Ministers based on art. 7 sec. 3 point 2 of the Act of 16 December 2016 on the principles of state assets management.

4. The Management Board of the Company is obligated to take actions aimed at introduction to the statutes or companies' articles, excluding the companies in bankruptcy, in which the Company is the parent entity, pursuant to art. 4 point 3 of the Competition and Consumer Protection Act of 16 February 2007, of principles, requirements and responsibilities described in art. 17 – 20, art. 22 and art. 23, taking into account art. 23a of the Act of 16 December 2016 on the principles of state assets management, in particular in respect of the approvals of the company bodies for taking specified legal actions, the principles of the disposal of components of non-current assets, and changing the composition of the management board and the supervisory board, and also reporting obligations of the management board.".

§ 2.

The following resolutions of the Extraordinary General Meeting dated 19 December 2019 shall expire:

- 1) Resolution no. 8/2019 regarding: disposal of non-current assets;
- 2) Resolution no. 9/2019 regarding: principles and procedures for disposal of non-current assets;
- 3) Resolution no. 10/2019 regarding: rules of procedure when concluding agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management;
- 4) Resolution no. 11/2019 regarding: obligation to submit a report on the application of best practices;
- 5) Resolution no. 12/2019 regarding: implementation of the principles stipulated in the Act on the principles of state assets management in companies in which the Company is the parent entity.

§ 3.

This resolution comes into force on the date it is adopted, effective from the date of entry of these amendments to the register of entrepreneurs of the National Court Register.

Yours sincerely,
on behalf of the Minister of State Assets
Secretary of State
Maciej Małecki