

KGHM Polska Miedź S.A.

**Report on representation expenses, expenses incurred
on legal services, marketing services, public relations services
and social communication services, and advisory services
associated with management
for 2019**

(Adopted by Resolution No. 33/X/20 of the Supervisory Board of KGHM Polska Miedź S.A. dated 6 May 2020)

Lubin, April 2020

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1. Introduction

The Management Board of KGHM Polska Miedź S.A., acting on the basis of § 34 point 3 of the Statutes of the Company, hereby presents the report on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management for 2019. Expenses are understood as the sum of expenditures and costs.

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

2. Public relations and social communication services

Expenses incurred on public relations and social communication services during the 12 months of 2019 amounted to PLN 45 868 thousand, including for sponsoring, PLN 33 290 thousand. Activities carried out in this area found their expression in cooperation with sports clubs, organisers of sporting and cultural events, and scientific conferences. The Company's sponsoring activities were aimed at building the image of the Company as a sponsor which cares about the development needs of local communities and of those farther afield. The Company's sponsoring activities were conducted in compliance with the rules set forth in the Sponsoring Policy of KGHM Polska Miedź S.A. and were reviewed by the Sponsoring Committee. The Company places great emphasis on advancing projects which are a part of its corporate social responsibility such as Eco-Health, the Volunteers Program and the Innovation Zone. Activities in the field of public relations also included actions involving internal and external communications as well as promoting the brand in sponsored events. Actions involving communications included among others the issuance of publications, the production of internal television programs, and sponsoring articles and radio and television shows in external media describing the Company's profile and activities.

3. Expenses incurred on marketing services

In 2019, the Company incurred PLN 1 956 thousand on marketing services. These services involved the organisation of promotional meetings for customers, participation in sector fairs, the purchase of promotional materials and the support of commercial activities. Promotional activities were aimed at developing awareness of the KGHM Polska Miedź S.A. brand and enhancing the positive image of the Company in its environment.

4. Representation expenses

In 2019, the Company incurred PLN 5 597 thousand on representation-related expenses. These expenses served in the building of positive relations with the KGHM Polska Miedź Group's environment, among others by funding mining and metallurgical sector celebrations (PLN 3 620 thousand) and maintaining ties with customers (PLN 1 977 thousand).

5. Expenses incurred on legal services

In 2019 expenses incurred on legal services amounted to PLN 7 693 thousand and were related to providing the Company with external legal advice involving its on-going operations (operational, financial, comprehensive advice involving investment projects) and with conducting court and other proceedings.

6. Expenses incurred on advisory services associated with management

In 2019 expenses incurred by the Company on advisory services associated with management amounted to PLN 2 105 thousand. They comprised among others advisory services in the areas of public relations and activities in the area of energy.

7. Summation

The following table summarizes the expenses included in this report.

Description	Execution 2019	Share in sales revenue
Representation expenses	5 597	0.03%
Expenses incurred on marketing services	1 956	0.01%
Expenses incurred on public relations and social communication services incl.:	45 868	0.26%
<i>sponsoring</i>	33 290	0.19%
Expenses incurred on legal services	7 693	0.04%
Expenses incurred on advisory services associated with management	2 105	0.01%
Total expenses	63 219	0.36%

This report was prepared for the year ended 31 December 2019 and consists of 5 pages.

Lubin, 17 April 2020

8. Signatures

Marcin Chludziński – President of the
Management Board

Adam Bugajczuk – Vice President of the
Management Board (Development)

Paweł Gruza - Vice President of the
Management Board (International Assets)

Katarzyna Kreczmańska-Gigol - Vice President of the
Management Board (Finance)

Radosław Stach - Vice President of the
Management Board (Production)