

Brief assessment of the standing of KGHM Polska Miedź SA for the year 2010, including an evaluation of the internal control system and the Company's significant risk management system.

(approved by the Supervisory Board of KGHM Polska Miedź SA on 18 May 2011)

In accordance with chapter III point 1 sub-point 1) of the „Code of Best Practice for WSE Listed Companies” the Supervisory Board of KGHM Polska Miedź SA hereby presents a brief assessment of the Company's standing, including an evaluation of the risk management system and the internal control system for the Company. This assessment has been prepared based on documents submitted by the Management Board, discussions held with the participation of the Management Board and other individuals invited to attend meetings of the Supervisory Board, and also takes into account the financial statements and the reports of the Management Board on the Company's activities, and based on the conclusions from the audit of the Company's accounts by a Certified Auditor.

1. Realisation of the Company strategy and mission

The existing and implemented Strategy of KGHM Polska Miedź SA was adopted by the Management Board of the Company by Resolution No. 96/VI/2009 dated 13 February 2009, and approved by the Supervisory Board of the Company by Resolution No. 3/VII/2009 dated 27 February 2009. The vision for the strategic development of the Company in the years 2009 – 2018 comes from the adopted mission, whose primary goal is to increase the value of the company through the optimal use of natural resources. This goal is to be achieved through the realisation of specified strategic initiatives as defined in five main strategic pillars:

Pillar I – improving productivity - aimed at reversing the trend of increases in the unit cost of production, despite the long-term trend of decreases in copper content in ore and mining at increasing depth. Key actions to improve productivity assume investments in new technology, modernisation of the infrastructure and optimisation of production processes and organisation.

With respect to initiatives defined in this pillar, strategic investment projects have been executed or initiated, the most important of which are as follows:

- research work was begun related to the construction of a mining complex to explore the possibilities of implementing new copper ore mining technology utilising a mechanical breakage of rock in the mines of KGHM Polska Miedź SA as a technical and economic alternative for the existing room-and-pillar mining system technology used, in which ore is broken up using the blasting method. This project received financing from the Polish Agency for Enterprise Development (PARP) in the amount of 32.4% of the budget,
- preparations for realisation of the „Pyrometallurgy Modernisation Program at the Głogów smelter”. Realisation of this project will improve working conditions, reduce the environmental impact of the smelter, decrease concentrate smelting costs, and increase revenues due to the greater potential for recovering rhenium.
- continuation of the program to intensify the replacement of major mobile mining machinery, whose realisation unquestionably confirmed the assumed

effectiveness of the project by increasing the degree of replacement and the availability of underground mining machinery.

- conclusion of the reorganisation of procurement in KGHM Polska Miedź SA and the Group. Thanks to the creation of a Central Procurement Office, significant savings were achieved in procurement, the majority of savings being in investment procurement.
- realisation of the implementation of effectiveness improvement programs as part of project „Effectiveness”, including cost optimisation programs based on streamlining internal operating processes and process transformation programs based on Lean Management principles.

Pillar II - developing the resource base - aimed at increasing copper production to over 700 thousand tonnes annually. Due to the limited opportunities to increase extraction in the current operating region, realisation of these goals will require the acquisition of foreign mining assets by the Company.

Additionally, to ensure increase of the resource base, the Company plans to concentrate on further development of deep mining technology, exploring for new deposits in the region and intensifying the processing of scrap. Realising such formulated goals, the Company undertook intensive work on preparing projects involving securing the production of electrolytic copper from own concentrates over the long term:

- an investment project was continued to gain access to the „Głogów Głęboki Przemysłowy” mine region,
- realisation was begun on a program of geologic work to document the copper ore resources in the licensed areas „Gaworzyce” and „Radwanice”, situated adjacent to the ore currently being mined,
- copper ore exploration projects were begun in the following areas: Synklina Grodziecka (a license was received to explore and research an area in the vicinity of the closed Konrad copper mine in Iwiny) and in Nowiny (a request was submitted to the Minister of the Environment to receive a license to conduct geologic exploration of an area close to the German border),
- An Investment Agreement was signed with the Canadian company Abacus Mining & Exploration Corporation, based on which KGHM Polska Miedź SA acquired 51% of the shares of the joint venture company KGHM Polska Miedź SA Ajax Mining Incorporated together with a call option to acquire a further 29% of the shares. Execution of this option will be possible following publication of the Bankable Feasibility Study (BFS), and also commits the Company to arrange financing for the project CAPEX. In addition, 10% of the shares of Abacus Mining & Exploration were acquired. Following execution of the BFS, in the years 2012-2013 a mine will be built along with a concentrate processing facility. Production would begin in 2013. The project assumes annual copper production at the level of 50 thousand tonnes, and gold production at the level of 100 thousand ounces, with a 23-year mine life.

As part of the realisation of the initiative to develop the resource base, the realisation of mining projects was undertaken which are not connected to copper:

- part of the planned geological documentation work was performed on the nickel ore deposit „Szkлары” in the vicinity of Ząbkowice Śląskie,
- technological and organisational requirements were developed for realisation of a project to increase salt production in the Polkowice-Sieroszowice mine.

Pillar III - diversifying sources of revenues and gaining independence from energy prices. By diversifying its activities, the Company plans to reduce its dependence on copper price volatility, mainly through gradual entrance into the power sector and by the realisation of projects in other sectors, which have a low degree of correlation with the core business of KGHM Polska Miedź SA.

Amongst the actions taken by the Company in this regard are the following:

- the purchase by „Energetyka” sp. z o.o., a subsidiary of KGHM Polska Miedź SA, through privatisation, of 85% of the shares of WPEC Legnica SA, which increases the share of electrical energy generation by the Group, and also improves the level of energy security of KGHM Polska Miedź SA by increasing its independence from network supply,
- realisation of an investment project involving the construction of gas-steam blocks at the Głogów and Polkowice power plants, to ensure the generation of electrical energy and heat to meet the needs of KGHM Polska Miedź SA, increase energy security and reduce CO₂ emissions from the existing power plant in Głogów,
- preparation of a project for the construction, based on the assets of the company Energetyka, of biomass-fired boilers, and of dedicated steam turbines, likewise to meet the energy needs of KGHM Polska Miedź SA,
- preparation of a concept for an enterprise based on commencing the production of synthetic gas utilising technology for the underground gasification of brown coal ore situated within the Legnica-Głogów Copper Belt,
- the signing of a letter of intent between KGHM Polska Miedź SA and Tauron Polska Energia SA on cooperation in the construction of a gas-fired block on the grounds of the Blachownia power plant in Kędzierzyn-Koźle.
- the acquisition by KGHM Polska Miedź SA in 2010 of over 6% of the shares of Tauron Polska Energia SA In 2011, the stake in Tauron Polska Energia SA was increased to 10.39 % of the share capital.

Pillar IV - regional support. As a significant employer in the region, KGHM Polska Miedź SA will take actions for the benefit of the local community, aimed at eliminating hazards associated with the monoculture of the copper industry, by creating new jobs, introducing programs to manage tailings waste, and supporting employees' health, sport, arts and education in the region.

The Company realised its production-related operations whilst simultaneously caring for the natural environment. Projects were undertaken to manage wastes, including:

- development of the „Żelazny Most” tailings pond, which ensures the possibility of storing floatation tailings until 2042,

- construction of the 6th Doerschel furnace at the Głogów smelter, enabling the full utilisation of lead-bearing waste as well as the successive reduction of stored waste.

An active policy was continued for the benefit of the local community by ensuring access to health services of the highest quality for the employees of KGHM Polska Miedź SA and the citizens of the region, promoting professional and amateur sport in the region, realisation of projects to improve selected elements of the region's cultural infrastructure (renovation of monuments, cultural events).

With respect to KGHM LETIA SA, tasks were realised aimed at creating an attractive region for business activities and investment in activities based on new technologies, and at creating new jobs.

Pillar V - developing organisational know-how and capabilities, aimed at creating the basis for long term growth. Key improvements comprise the introduction of a mechanism for managing through goals, realisation of a staff development program in KGHM Polska Miedź SA, and the creation of a transparent group structure and transparent information.

In this area KGHM Polska Miedź S.A has achieved the first measurable effects:

- with respect to the fund created in 2009, Towarzystwo Funduszy Inwestycyjnych SA, in which KGHM Polska Miedź SA acquired 100% of the shares, in 2010 three Closed-End Investment Funds (FIZAN I Tourism/Biomass, FIZAN II Biogasification, FIZAN III New technology) were created and brought into operation.
- with respect to the KGHM Polska Miedź SA Group, implementation was continued of an ownership strategy aimed at the realisation of equity investments related to supporting the core business and growing and developing companies in the Group,
- with respect to the telecom assets held by the Company, analytical work was realised related to the sale of the telecom assets belonging to KGHM Polska Miedź SA, i.e. 100% of the shares of Telefonía DIALOG SA and 24.4% of the shares of Polkomtel SA,
- with respect to programs to improve organisational skills, projects were prepared for implementation involving the development of a system of evaluation, a system of motivation and a system for employee remuneration. Employee training programs were realised,
- with respect to supporting the realisation of strategic projects of the Company, a project was commenced involving the development and implementation of an IT Project Management System,
- design work was commenced with respect to the reorganisation of accounting and financial services.

2. Macroeconomic conditions in 2010

The year 2010 was favourable for copper producers as well as for the entire raw materials sector. The price of copper rose by 46%, from an average of 5 164 USD/t in 2009 to 7 539 USD/t in 2010. During the first three quarters, the price of the copper remained at a stable level of around 7 100 USD/t, while in the final quarter it substantially exceeded 8 000 USD/t. The highest price, amounting to 9 740 USD/t, was recorded on the final session of the LME in 2010.

The increase in prices in 2010 was a response to the growth in demand by the global economy, which according to economists began to emerge from recession. The most important role was played by the high growth of the Chinese economy, which is the largest consumer of copper. Confirmation of the fundamentally good situation in 2010 is the decrease in copper inventories, amounting for the year to 120 thousand tonnes (17%).

The increase in imports by China and India was one of the main factors in the increase in the price of silver, which rose by 38%, i.e. from 14.67 in 2009 to 20.19 USD/troz in 2010.

The USD/PLN exchange rate varied from 2.88 USD/PLN in the first quarter to 3.16 in the second, and 2.92 USD/PLN in the final quarter of 2010. The average for the year was 3.02 USD/PLN, meaning a strengthening of the Polish currency versus 2009 (3.12 USD/PLN).

3. Basic Company results

Mine and smelter production

In 2010, 480.6 thousand tonnes of copper in ore was extracted, and 425.4 thousand tonnes of copper in concentrate was produced. This means an annual decrease respectively by 18.9 thousand tonnes (4%) and 13.6 thousand tonnes (3%).

The decrease in mine production was the result of mining in regions with a lower copper mineralisation, as shown by the lower Cu grade in ore (1.68% in 2009; 1.64% in 2010). In addition, due to the lower number of working days, the level of ore extraction fell from 29.7 million tonnes to 29.3 million tonnes.

The decrease in production results in mining did not have a significant impact on the level of electrolytic copper production, which amounted to 547.1 thousand tonnes, i.e. nearly 9% more than in the prior year. This is due to the maintenance done on the flash and shaft furnaces complex in 2009 at the Głogów smelter. The concentrate which was stored during this period was successively processed in 2010. In addition, the Company increased the processing of imported concentrates and of other purchased copper-bearing material. The production of electrolytic Cu from purchased copper-bearing material increased by 16%, from 103.8 thousand tonnes in 2009 to 120.0 thousand tonnes in 2010.

There was a change in the structure of production. In particular this involved wire rod and round billets, whose production, due to increased demand, increased respectively by 34% and 26%.

It should be noted that the production results were higher than assumed in the Budget of the Company.

Execution of the Budget in terms of production:

	Execution 2010	Budget 2010	<i>Budget Execution</i>
Copper in concentrate (t)	425 447	423 843	+0.4%
Electrolytic copper (t)	547 073	540 987	+1%
Metallic silver (t)	1 161	1 131	+3%
Copper wire rod (t)	237 317	224 176	+6%

Revenues from sales

Revenues from sales amounted to PLN 15 945 million, and in comparison to 2009 were higher by PLN 4 884 million (44%), mainly due to:

- higher metals prices – the increase in prices, alongside a less favourable exchange rate (described in point 2) caused an increase in revenues by around PLN 4 351 million,
- a higher sales volume – annual sales of copper products increased by 35 thousand tonnes (7%). Sales of silver and gold were also higher. As a result, revenues from sales increased by PLN 714 million,

alongside a lower adjustment of revenues due to hedging by PLN 291 million.

The planned level of revenues from sales was exceeded by 11%, mainly due to metals prices, which were higher than projected, alongside a less favourable exchange rate.

Basic operating costs

Basic operating costs in 2010 amounted to PLN 9 288 million and were higher than those realised in 2009 by PLN 1 424 million, which was impacted by:

- the change in stored half-finished products, work in progress and finished goods in the total amount of PLN (262) million in 2010 and PLN (462) million in 2009 (difference in periods +PLN 200 million). The lower value of capitalised costs on inventories was related to the maintenance work on the flash furnace at the Głogów smelter in 2009, as well as the storage of a large amount of own concentrates – 32 thousand tonnes of Cu in concentrate,
- higher expenses by nature of PLN 1 205 million.

The largest increase in costs was related to the value of purchased copper-bearing materials used in production, whose value increased costs by PLN 961 million due to the increase in purchase prices (+30%) and the volume consumed by 18 thousand tonnes Cu.

Excluding the value of purchased copper-bearing materials, expenses by nature increased by PLN 244 million in the following items:

- labour costs (+PLN 72 million) mainly due to the higher annual bonus (in 2009 17.5%; in 2010 24%) and the higher level of employment, alongside lower provisions for future employee benefits by PLN 113 million,
- depreciation/amortisation (+PLN 68 million) – due to the increase in the value of realised tangible investments (+18%)
- materials and fuels (+PLN 62 million) – mainly due to the increase in fuel prices.

The total unit cost of copper production (after decreasing by the value of silver and gold) increased by 1 813 PLN/t (16%) from 11 170 PLN/t in 2009 to 12 983 PLN/t, mainly due to the higher value of purchased copper-bearing materials. The share of production from purchased copper-bearing materials increased from 21% in 2009 to 22% in 2010 alongside an increase in prices by 30%, which increased the unit cost by 1 382 PLN/t Cu. In addition, also increasing costs was the impact of the unfavourable valuation of anode slimes, which increased costs by 217 PLN/t due to the lower volume of silver and gold production.

Both basic operating costs as well as the unit cost of copper production were at lower levels than assumed in the adjusted Budget of the Company.

The cost of production of electrolytic copper from own concentrates amounted to 10 487 PLN/t, i.e. 8.4% lower than planned, alongside a higher volume of production by 1.4%.

Financial results

Profit before income tax in 2010 amounted to PLN 5 606 million and comprised:

- profit on sales less the cost of sales, marketing and administrative expenses in the amount of PLN 6 657 million,
- a loss on other operating activities of PLN (1 019) million, of which:
 - a loss on the measurement and realisation of derivative instruments, PLN (1 172) million
 - income from dividends, PLN 147 million
 - foreign exchange losses, PLN (30) million
- a loss on financing activities, PLN (32) million.

Profit before income tax was charged by income tax in the amount of PLN 1 037 million, comprised of:

- PLN 1 256 million – current income tax,
- PLN (212) million – deferred income tax,
- PLN (7) million – adjustment to income tax from prior periods.

As a result, profit for 2010 amounted to **PLN 4 569 million**, meaning an increase versus 2009 by nearly 80%.

The increase in profit was achieved in the basic operating activities, mainly due to favourable macroeconomic conditions and the higher volume of sales. The result on basic operating was twice as high as that realised in 2009.

The loss on other operating activities increased by PLN 922 million (PLN (99) million in 2009; PLN (1 019) million in 2010), mainly due to:

- a less favourable measurement of financial instruments (respectively: PLN (346) million in 2009; PLN (1 037) million in 2010),
- lower income from dividends (respectively: PLN 455 million in 2009; PLN 147 million in 2010).

The financial results of the Company were higher than planned. Profit was higher by 17%, and EBITDA by 15%. Also in this regard, this was mainly due to macroeconomic conditions.

Selected financial ratios

Profit for the period, the highest in the history of KGHM Polska Miedź SA, resulted in the achievement of relatively high profitability ratios, which in comparison to 2009 increased respectively as follows:

- profitability on sales from 23.0% to 28.7%
- ROA from 18.2% to 23.0% ,
- ROE from 24.4% to 31.6%.

The financial result was also the main factor responsible for increasing the equity of the Company, which at the end of 2010 amounted to PLN 14 456 million. This was the main source of the financing of assets – the Company had no liabilities due to bank and other loans.

The high profit, alongside a lower shareholder dividend than that paid in 2009, enabled the Company to accumulate the cash needed to finance its investment program in subsequent years. At the end of 2010, the Company held the amount of PLN 2 596 million, mainly in the form of short term bank deposits of up to 3 months. This was more than double the amount of the prior year. In addition, current receivables include bank deposits with a maturity of from three months to one year in the amount of PLN 351 million, of which there were none in the prior year

Changes in the structure of assets and sources of financing assets, including a significant increase in current assets versus current liabilities, were not without impact on financial liquidity and the debt ratio. In comparison to 2009, these ratios increased respectively:

- current liquidity from 2.4 to 2.6
- quick liquidity from 1.4 to 1.9
- the debt ratio from 25.4% to 27.1%.

During the analysed period the Company recorded a high return on invested capital (ROIC), which increased from 31.5% in 2009 to 58.9% in 2010, and was higher than the amount projected in the budget (35.5%).

It should be noted that in 2010, the Economic Value Creation Indicator was also positive and amounted to PLN 3 342 million (PLN 1 365 million in 2009).

The financial potential of the Company was appreciated by investors. The share price increased from PLN 106 at the end of 2009 to PLN 173 on the final trading day of 2010, placing KGHM Polska Miedź SA amongst the best companies listed on the

Warsaw Stock Exchange. Because of this, the Company received the prestigious award of the market newspaper Gazeta Giełdowa „Parkiet”.

4. Assessment of market risk management system in the Company in 2010

The main types of market risk to which the Company is exposed are:

- the risk of changes in metals prices,
- the risk of changes in exchange rates,
- the risk of changes in interest rates,
- liquidity risk, and
- credit risk.

The Management Board is responsible for the **management of market risk** in the Company and for adhering to the approved policy in this regard. The main body responsible for overseeing market risk management is the Market Risk Committee, which recommends actions to the Management Board in this regard. The primary technique for market risk management is the use of hedging strategies involving derivative instruments. Apart from this, natural hedging is also used.

The Company continuously monitors the commodity and currency markets, and these monitoring activities are the basis for taking decisions on implementing hedging strategies. The management of market risk is also determined by the internal situation of the Company. KGHM Polska Miedź SA applies future cash flow hedge accounting. Monitoring of the amount of market risk in the Company is based on analysis of the impact of market risk factors on the activities of the Company (profit, statement of financial position, statement of cash flows) among others using the market risk measure Earnings-at-Risk, based on Corporate Metrics methodology.

The Management Board is responsible for the **management of financial liquidity** in the Company and for adhering to the approved policy in this regard. The Company actively manages financial liquidity, understood as the capacity to punctually regulate its liabilities and to acquire funds to finance its current activities and investment needs. Financial liquidity is analysed across several time horizons, beginning from immediate liquidity to long-term liquidity.

Due to the lack of necessity to finance current activities and investments from external loans, the Company did not hold interest rate risk hedging instruments.

The Management Board is responsible for the **management of credit risk** in the Company and for adhering to the approved policy in this regard. The main body responsible for overseeing actions in this area is the Credit Risk Committee. KGHM Polska Miedź SA continuously evaluates creditworthiness: of its customers with whom physical sales transactions are undertaken; of the financial institutions (banks/brokers) with whom hedging transactions are undertaken; and of the entities in which direct investments or equity investments are made.

In 2010 copper price hedging strategies represented approx. 33% (in 2009, 34%) of sales of this metal realised by the Company. In the case of silver sales they amounted to approx. 18% (in 2009, 25%). In the case of the currency market, hedged revenues from sales represented approx. 16% (in 2009, 34%) of total revenues from sales realised by the Company.

In 2010, the Company implemented copper price hedging strategies with a total volume of 336.4 thousand tonnes and a time horizon falling from July 2010 to June 2013. The Company made use of options (Asian options) including puts and option strategies (collars, seagulls and producer's puts).

In addition, the Company performed a restructure, implemented in the analysed period, of seagull options for 2011 and for the first half of 2012 with a total volume of 117 thousand tonnes through the repurchase of sold puts. Restructure enables the full use of put options purchased within this structure in the case of any decrease in the price of this metal in 2011 and in the first half of 2012. During the analysed period the Company implemented an adjustment hedge transaction for 250 tonnes of copper which will be settled in April 2011.

In 2010 the Company implemented silver price hedging strategies with a total volume of 3.6 million troz and a time horizon falling in 2011. In the reporting period, adjustment hedge transactions were not implemented on this market.

In the case of the forward currency market, in 2010 the Company implemented transactions hedging revenues from sales with a total nominal amount of USD 1 785 million and a time horizon falling in the second to fourth quarters of 2010 and in the years 2011-2012. The Company made use of options (European options), including puts and option strategies (collars and seagulls). During this period no adjustment hedge transactions were implemented on the currency market. In addition, the Company performed a restructure, implemented in the prior and in the reporting periods, of options strategies for 2011 with the total nominal amount of USD 540 million through the repurchase of sold puts from a seagull strategy (for USD 360 million) and through the sale of a collar strategy (for USD 180 million). The seagull strategy restructure enables the full use of put options purchased within this structure in the case of any decrease in the USD/PLN exchange rate in 2011. The collar strategy restructure was recognised in accumulated other comprehensive income in the amount of PLN 84 873 thousand, which adjusts *in plus* sales revenues in 2011. Additionally, as part of the restructure, put options were purchased to hedge the USD/PLN exchange rate for USD 180 million for the whole of 2011.

5. Evaluation of the internal control system and internal auditing

Internal control is performed by a separate organisational unit within the structure of KGHM Polska Miedź SA – the Internal Control Department.

The system of internal control in KGHM Polska Miedź SA is based on the principle of independence and encompasses all Company processes, including those areas having direct or indirect impact on its proper functioning. In addition, the obligation fully remains for each employee to control their own performance, and for every level of management staff to perform their control – within supervisory-related duties.

In accordance with the control plan for 2010 approved by the President of the Management Board, the Internal Control Department was required to perform 20 control audits, which were performed. For comparison, in 2009, 15 control audits were performed.

As part of the control tasks performed, the following issues were examined:

- realisation of the „IT Strategy of KGHM Polska Miedź SA for the years 2009-2013”,
- the use of working time by employees of the divisions who perform training at the request of the vocational academy Miedziowe Centrum Kształcenia Kadr,
- procurement, receipt, documentation and settlement of certain batch materials, (such as coke, fly ash, concentrates),
- the functioning of the IT System on the Grounds of KGHM Polska Miedź SA ,
- additions and disposals of tires for Mobile Mining Machinery,
- the preparation of documentation for retiree-disability purposes,
- geodesic services,
- eliminating mining damage,
- the realisation of Decree No. 16/2009 of the President of the Management Board of KGHM Polska Miedź SA in Lubin dated 21 May 2009 regarding „Control of the economic operations of KGHM Polska Miedź SA”
- application of the „Procurement Policy in the KGHM Polska Miedź SA Group”,
- the security of documents after working hours,
- the movement of miners in the mines,
- the selection of contractors and the manner of realisation of investments based on a subsidiary,
- acquisition of shares based on a subsidiary,
- co-participation in a control audit reviewing the manner of realisation of the „IT Strategy of KGHM Polska Miedź SA ”

Within the scope of the tasks performed, a total of 45 post-control audit recommendations were prepared addressed to the participants of the control audits, which have been or are in the process of being realised.

During the control audits, improprieties and transgressions were identified, usually of an organisational–legal nature, for which recommendations were prepared for the purpose of implementing corrective actions to conform to existing legal standards in force.

The Company systematically examines and monitors the control mechanisms and identifies potential risks in individual processes occurring in the Company. This function is performed by the internal audit, which is independent in its activities. Audit activities focus on estimating risk and examining the functioning of control systems in a process based on the collection of data (information and communications) of a given control environment in order to improve process functioning. As a result of control audits performed in 2010, corrective actions were implemented to eliminate ineffective control mechanisms and to minimise potential risk in audited processes.

6. Selected areas requiring attention

- intensification of work on developing deep mining technology;
- exploration for new regional copper ore deposits;
- the purchase of foreign mining assets pursuant to realisation of the Strategy of KGHM Polska SA;
- investments in the power sector pursuant to the Strategy of KGHM Polska SA;
- the monitoring of environmental investments (in particular with respect to problems related to waste storage);
- monitoring of the process of research and development in KGHM Polska Miedź SA;
- monitoring of the licensing process and the securing of existing licenses, as well as the acquisition of new licenses to explore for and extract copper ore in the region;
- the need to improve the operational efficiency of Group companies;
- supervision on the implementation of integrated internal auditing in companies of the KGHM Polska Miedź SA Group
- implementation in the Company of a program to reduce the unit cost of copper production to improve the competitive position of KGHM Polska Miedź SA;
- continuous review of transactions realised by the Company with related companies (development of a price transfer policy);
- the need to continuously monitor the strategy for hedging against the risk of commodities prices and the exchange rate;
- the monitoring of IT risk in the Company and Group;

Lubin, 18 May 2011