



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 Błaszczak, 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) commodate 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**