

**THE BYLAWS OF THE SUPERVISORY BOARD
OF KGHM POLSKA MIEDŹ S.A. with its registered office in Lubin**

I. GENERAL PROVISIONS

§ 1

The Supervisory Board of KGHM Polska Miedź S.A. (hereinafter referred to as the Supervisory Board) is the permanent supervisory body of KGHM Polska Miedź S.A. with its registered office in Lubin (hereinafter referred to as the "Company") in all areas of the Company's activity.

§ 2

The Supervisory Board operates pursuant to the provisions of:

1. The Commercial Partnerships and Companies Code dated 15 September 2000 (Journal of Laws No 94, item 1037, as amended);
2. The Commercialization and Privatisation Act dated 30 August 1996 (consolidated text in Journal of Laws of 2002 No 171, item 1397, as amended);
3. The Company's Statutes;
4. The Resolutions of the Company's Authorities;
5. Other commonly binding legal regulations; and
6. These Bylaws, adopted by the Supervisory Board. The text of some provisions of commonly binding law and some provisions of the Company's Statutes were incorporated into the text of these Bylaws in order to facilitate the application of this document.

II. COMPOSITION AND METHOD OF APPOINTMENT OF THE SUPERVISORY BOARD

§ 3

1. Subject to the provisions of § 16 section 1 of the Company's Statutes, the Supervisory Board shall be composed of 7 to 10 members appointed by the General Meeting, including three (3) members elected by the Company's employees.
2. Supervisory Board members are appointed for a joint term of office, which shall last three years.
3. At least two Supervisory Board members should be independent members, meeting the following criteria:

- 1) they are not in an employment relationship or any other legal relationship of a similar nature with the Company, its branches or any related entity of the Company,
- 2) they are not members of the supervisory boards or management boards of a related entity of the Company,
- 3) they are not partners or shareholders holding 5% or more of the votes at the General Meeting of the Company or at the Partners Meeting or General Meeting of a related entity,
- 4) they are not members of a supervisory board or management board or employees of an entity holding 5% or more votes at the General Meeting of the Company or at the Partners Meeting or General Meeting of a related entity,
- 5) they are not the ascendants, descendants, spouse, brother or sister, parent of a spouse or an adopted person of any of the individuals mentioned in points 1-4.

4. An independent member of the Supervisory Board should meet the criteria of independence defined in section 3 throughout the term of his mandate. If the Supervisory Board or Management Board of the Company learns that an independent member of the Company's Supervisory Board has ceased to meet the independence criteria during the term of the mandate, and if this prevents the fulfilment by the Company of the criterion of having at least two independent members, steps should be undertaken aimed at the said member's early resignation from his/her mandate on the Supervisory Board or his/her dismissal.

5. A candidate for the function of independent member of the Supervisory Board should file a written statement on meeting the independence criteria defined in section 3, before his/her appointment to the composition of the Company's Supervisory Board.

6. A related entity mentioned in section 3 shall mean the Parent Entity of the Company, a subsidiary of the Company or a subsidiary of the Company's Parent Entity. The domination or dependence in relation to the Company shall be defined according to the respective provisions of the Commercial Partnerships and Companies Code.

§ 4

1. The mandate of a Supervisory Board member shall expire before the end of his/her term of office as a result of:

- 1) the death of the Supervisory Board member,
- 2) resignation by a Supervisory Board member from his/her mandate, or
- 3) dismissal of a Supervisory Board member from the composition of the Board.

2. The dismissal of Supervisory Board members elected by the Company's employees shall take place upon the completion of the procedure defined in *the Rules of election and dismissal of the Supervisory Board members of KGHM Polska Miedź S.A. elected by the Company's employees*.

3. A Supervisory Board member can be re-appointed.

§ 5

1. In the case of the reduction of the number of Supervisory Board members during a term of office, caused by the expiry of the mandate of a Supervisory Board member, the Company's Management Board shall immediately undertake the necessary steps aimed at supplementing the composition of the Supervisory Board.
2. The appointment and supplementation of that part of the composition of the Supervisory Board elected by the Company's employees shall take place according to the rules defined in *the Rules of election and dismissal of the Supervisory Board members of KGHM Polska Miedź S.A. elected by the Company's employees*, adopted by the Supervisory Board.
3. The supplementary elections of a Supervisory Board member elected by the employees shall be ordered by the Supervisory Board within three weeks from the expiry of the mandate of the Supervisory Board member elected by the Company's employees.

§ 6

1. The Supervisory Board shall appoint a Chairman, a Deputy Chairman and a Secretary of the Supervisory Board from among the members of the Board.
2. The Chairman, Deputy Chairman and the Secretary of the Supervisory Board can be dismissed by the Supervisory Board from their functions at any time.

§ 7

1. The Supervisory Board shall establish at least three committees:
 - an Audit Committee,
 - a Remuneration Committee, and
 - a Strategy Committee.
2. The composition of the Audit Committee should include at least two independent Supervisory Board members according to the criteria defined in § 3 section 3 and at least one Supervisory Board member holding qualifications or experience in the area of accounting and finances.
3. The tasks of the Audit Committee are as follows:
 - 1) supervision on behalf of the Supervisory Board of the process of financial reporting in the Company, including the process of reporting to the Supervisory Board,
 - 2) analysis and/or assessment of the accounting principles adopted by the Company,
 - 3) review of the transactions conducted by the Company, which are regarded as material for the Company by the Audit Committee,
 - 4) analysis and monitoring of the conclusions resulting from the control of the risk management processes in the Company,

5) execution of the process of selection of independent auditors to audit the financial statements of the Company in order to recommend the choice made to the Supervisory Board, and participation in the business negotiations before the conclusion of the agreement with the auditor by the Company,

6) on-going cooperation with the independent auditor of the Company during the audit, performance of analysis and the drawing of conclusions from the audit and opinion of the auditor regarding the financial statements, auditor's letter to the Management Board and/or the Supervisory Board, and the preparation of draft reports and assessments required under the regulations by the Company's authorities or other official institutions,

7) issuing an opinion on the Company's internal audit plan and on the rules of the internal audit, and on any changes in the position of the internal audit director,

8) analysis of the conclusions and recommendations of the Company's internal audit including the monitoring of the degree of implementation of recommendations by the Company's Management Board,

9) monitoring of the rules applied in the Company in the areas of accounting, finances and hedging against the business and financial risks and the risk of exposing the Company to major loss,

10) other tasks ordered by the Supervisory Board.

4. The composition of the Remuneration Committee should include at least three members of the Supervisory Board.

5. The tasks of the Remuneration Committee are as follows:

1) management of the affairs associated with the recruitment and employment of the management board members by preparing and arranging the draft documents and processes to be submitted for the acceptance of the Supervisory Board,

2) preparation of the draft agreements and other model documents in relation to the establishment of an employment relationship with the management board members and supervision of the execution of contractual obligations of the parties,

3) supervision of the execution of the management board remuneration system, specifically preparation of the settlement documents in the area of variable elements and bonus-based remuneration in order to submit the recommendations to the Supervisory Board,

4) monitoring and periodic analyses of the remuneration system of senior management of the Company and, if necessary, the preparation of recommendations for the Supervisory Board,

5) supervision of the proper execution of additional benefits for the Management Board resulting from employment contracts, such as insurance, company cars, apartments, etc.,

6) other tasks ordered by the Supervisory Board.

6. The Strategy Committee shall consist of at least three members.

7. The tasks of the Strategy Committee are as follows:

- 1) execution on behalf of the Company's Supervisory Board of the tasks in the area of supervision of the issues associated with the Company's strategy and annual and long-term operating plans of the Company,
- 2) monitoring the execution of the Company's strategy by the Management Board and issuing opinions on the degree to which the existing strategy is able to deal with changes in the actual situation,
- 3) monitoring the execution of annual and long-term operating plans of the Company by the Management Board, and assessment of whether these plans need to be modified,
- 4) assessment of the consistency of the annual and long-term operating plans of the Company with the Company's strategy executed by the Management Board, and the presentation of any proposed changes in all such Company documents,
- 5) submission to the Company's Supervisory Board of its opinions regarding the draft strategies of the Company and any changes thereto and annual and long-term operating plans of the Company, presented by the Company's Management Board,
- 6) other tasks ordered by the Supervisory Board.

8. The Audit and Remuneration Committees and the Strategy Committee shall submit to the Supervisory Board reports on their activities at the end of the year.

9. The committees shall appoint a Chairman from among their members. The internal rules, under which the committees organise their work and any changes thereto, shall be approved by the Supervisory Board.

III. SCOPE OF OPERATIONS OF THE SUPERVISORY BOARD

§ 8

1. The Supervisory Board shall continuously supervise the Company's activity.

2. The special rights and obligations of the Supervisory Board include, among others:

- 1) assessment of the separate and consolidated financial statements and the report of the Management Board on the activities of the Company in the financial year,
- 2) assessment of Management Board motions regarding the distribution of profit or the coverage of losses,
- 3) submission to the General Meeting of an annual written report on the result of the assessments mentioned in points 1 and 2,
- 4) submission to the General Meeting of annual motions in regard to discharging the Management Board members from the fulfilment of their duties during the financial year,

- 5) review and control of activity and financial condition of the Company and annual submission to the General Meeting of the brief assessment of the Company's situation,
- 6) selection of a certified auditor to audit the statements mentioned in point 1,
- 7) determination of the number of Management Board members,
- 8) appointment and dismissal of Management Board members, subject to the provisions of § 12 of the Company's Statutes,
- 9) suspension, for important reasons, of individual or all Management Board members,
- 10) assignment of a member or members of the Supervisory Board to temporarily perform the duties of the Company's Management Board members, who are unable to perform their duties,
- 11) determination of the remuneration of Management Board members and other terms of the agreements or contracts concluded with them,
- 12) approval of the Bylaws of the Company's Management Board,
- 13) approval of the annual and long-term operating plans of the Company, including the Company's Strategy and annual budget,
- 14) issuing opinions on the motions of the Management Board submitted to the General Meeting,
- 15) at the request of the Management Board, granting the consent to:
 - a) the purchase and disposal of real estate, perpetual usufruct or a share in real estate (the resolution of the General Meeting is not required in this area),
 - b) granting guarantees and loans to business entities in which the Company holds less than 1/3 of the votes attributable to the shares at the General Meetings/Partners Meetings of these entities,
 - c) the creation of and joining with commercial companies,
 - d) the disposal of the shares in the Company's subsidiaries,
 - e) the creation of branches, companies, representative offices and other organisational units or business entities abroad,
 - f) the acquisition or purchase of shares of another company,
 - g) the creation and liquidation of a foundation,
- 16) issuing an opinion on the Company's investments in fixed assets, which meet one of the following conditions:
 - a) investments with a value of over 10% of the budget for capital expenditures in Company's fixed assets for the given financial year,

b) investments amounting to over 5% of the budget for capital expenditures on fixed assets for the given financial year, if the investment does not meet the criterion of planned effectiveness compared to the adopted rate of return on capital in the Company.

§ 9

1. For the purpose of executing its rights, the Supervisory Board may review any unit in any area of the Company's activities, demand the Management Board and the Company's employees to provide the statements and explanations, inspect the status of the assets and inspect the books and documents.

2. The Supervisory Board may order (in the case of incurring obligations - through the Management Board) the performance of controls and preparation of an expert study or opinion by external units or experts, in respect to issues requiring special qualifications. The agreement with a unit or an expert from outside the Company shall be concluded by the Company's Management Board, which in this respect shall act on the Supervisory Board's order. All costs associated with the aforementioned activities shall be incurred by the Company.

§ 10

Immediately upon his/her appointment to the composition of the Supervisory Board, each Supervisory Board member shall file a written statement on keeping the Company's business affairs secret, with the wording defined in the appropriate internal regulations of the Company.

§ 11

1. Subject to section 2, the Supervisory Board shall execute its duties collectively and the members of the Supervisory Board perform their rights and duties personally.

2. The Supervisory Board may assign its members to perform some supervisory activities on their own and may appoint special Board Committees for a given issue, to perform specified activities related with the supervision of the Company.

3. Supervisory Board members, in the case mentioned in section 2, shall act pursuant to the authorization granted by the Supervisory Board on a case by case basis. The resolution shall also determine the area or type of the issues covered by the assignment and the arrangements made, the validity date of the authorization and the form of presentation of the results of these activities.

4. A member (or members in the case of a larger number) of the Supervisory Board assigned to perform on his/her own the supervisory activities or appropriate Commission shall submit detailed reports on the functions performed to the Supervisory Board.

§ 12

1. The Chairman of the Supervisory Board, or other member of the Supervisory Board authorised by the Chairman, is entitled to provide information to the Company's bodies, media and other official external institutions about the work of the Board.

2. Information on the Company's activities is disclosed by the Management Board. The Supervisory Board is not entitled to provide business and other detailed information regarding its activity.

IV. METHOD OF CONVENING AND HOLDING THE MEETINGS OF THE SUPERVISORY BOARD

§ 13

1. Notification of Supervisory Board meetings indicating the date, time and place of the meeting including the agenda, draft resolutions and, if necessary, materials regarding the issues to be discussed at the meeting, should be delivered to the Supervisory Board's members at least 10 days before the planned date of holding the meeting. For the purposes of calculating the date mentioned in the previous sentence, the date shall be determined based on the date of receipt of notification confirmed on the return confirmation of delivery, the date on the fax delivery report or the date of sending the notification by email.
2. In the case of important and/or urgent affairs, the Chairman of the Supervisory Board may convene a meeting of the Board by fax or email with the confirmation of receipt without observing the deadline mentioned in section 1.
3. A meeting of the Supervisory Board can be convened by phone only in a situation directly threatening the interests of the Company. The decision on convening the meeting of the Board by phone shall be made by the Chairman, who shall state the reason for convening the meeting and the proposed agenda.
4. The agenda of the meeting of the Supervisory Board defined in the notification on convening the meeting of the Supervisory Board should not be changed or supplemented during the meeting it concerns.
5. The limitation mentioned in section 4 does not have to be applied, if:
 - all members of the Supervisory Board are present at the meeting and all of them grant consent to changing or supplementing the agenda of the meeting, or
 - the execution of specified activities by the Supervisory Board is necessary to protect the Company against a loss, or
 - it is necessary to adopt a resolution, which involves assessing whether there is a conflict of interest between a Supervisory Board member and the Company.
6. The materials submitted by the Management Board to the meeting of the Supervisory Board should be drawn up in writing and delivered to the Supervisory Board members at least 7 days before the planned date of the meeting.
7. The materials enabling the Supervisory Board to make a brief assessment of the Company's situation, for the needs of the General Meeting, should be delivered to the Supervisory Board at the same time as the materials submitted for the audit by the auditor.
8. The Management Board is required to submit to the Supervisory Board the proposed agenda of the meeting and the list of materials envisaged to be submitted to the General Meeting, 6 weeks before the planned date of convening such meeting.
9. All documents and motions submitted by the Management Board to the Supervisory Board require the signature of a Management Board member.

10. Except for the cases defined in section 2 and 3, the Supervisory Board need not review the items of the agenda, in respect of which it did not receive the materials in writing by the required deadline.

§ 14

1. The Supervisory Board is empowered to undertake actions at its meetings if all members of the Board were effectively notified and the meeting is attended by at least half of the members of the Supervisory Board.

2. The Supervisory Board shall make decisions in the form of resolutions, including the resolutions on the following issues:

1) motions to the General Meeting - resulting from its supervisory-control activities,

2) opinions, positions, initiatives and motions on the issues resulting from the Statutes and the applicable regulations,

3) post-audit recommendations for the Management Board.

3. The resolutions adopted at the meetings of the Supervisory Board should be received immediately by the Management Board in respect to the issues affecting the Management Board.

§ 15

1. The Chairman of the Supervisory Board:

1) shall organise and manage the works of the Supervisory Board, including the supervision of the preparation of the annual working plan of the Supervisory Board,

2) represents the Supervisory Board externally during the periods between Board meetings.

2. In the case of the absence of the Chairman of the Supervisory Board, his duties shall be assumed by the Deputy Chairman or other person appointed by the Chairman.

3. A justified absence of a Supervisory Board member is defined as:

1) sick leave,

2) holiday leave,

3) business trip or other justified circumstances reported to the Chairman of the Supervisory Board by phone or electronic mail.

4. The absences of Board members at meetings require explanation. The absence should be justified in the form of a resolution at the subsequent meeting of the Board.

5. In the case of expiry of the mandate of the Chairman of the Supervisory Board, he shall convene and open the next meeting of the Board and chair it until the appointment of the Chairman. When this is not possible, the aforementioned duties of the Chairman shall be performed at the nearest meeting by the Deputy Chairman of the Board until the appointment of a new Chairman. When the Supervisory Board cannot be convened and opened by the Deputy Chairman as well, the

Management Board shall invite all members of the Supervisory Board to hold a meeting in the amended composition, stating the date, place and proposed agenda of the meeting.

6. The Chairman of the Supervisory Board or his deputy is also required to convene a meeting of the Supervisory Board at the written request of the Company's Management Board or a member of the Supervisory Board. The meeting should be held within two weeks from the date of receipt by the Chairman of the request containing the proposed agenda of the meeting.

7. The Supervisory Board may hold the meeting without formally convening it, if all members of the Supervisory Board are present and none of them objects to holding the meeting of the Supervisory Board under that procedure.

8. The meetings of the Supervisory Board should be convened as required, however, at least once every quarter.

9. Meetings shall be chaired by the Chairman of the Supervisory Board or by the Deputy Chairman in the case of his absence. In the case of the absence of the Chairman and Deputy Chairman, the meeting shall be chaired by a Supervisory Board member selected by the Board.

10. The Company shall provide legal counsel and secretarial service for the meetings of the Supervisory Board.

11. The meetings of the Board can be attended - at the invitation of the Chairman of the Supervisory Board - by Management Board members, employees of the Company and other persons, if required by the subject of the discussed issues.

V. ADOPTION OF RESOLUTIONS

§ 16

1. The Supervisory Board shall adopt resolutions by an absolute majority of the votes cast, in the presence of at least half of the composition of the Board.

2. An absolute majority of votes means more than half of the votes cast.

3. For resolutions of the Supervisory Board to be valid, all members of the Board must be invited to the meeting.

4. The copies of the resolutions adopted by the Supervisory Board shall be countersigned by a Company employee authorised by the Supervisory Board's Chairman.

5. A resolution cannot be adopted on an issue not included in the agenda of the meeting, with the exception of the situations described in § 13 section 5 of these Bylaws.

6. Voting shall be open, except for voting on the following issues:

- the appointment and dismissal of Management Board members,
- the suspension of Management Board members,
- the appointment and dismissal of the Chairman and his Deputy, and of the Secretary of the Supervisory Board, from their functions.

7. Secret voting shall be ordered at the request of at least one of the voting members.

8. Supervisory Board members can participate in the adoption of resolutions, casting their votes in writing, through other members of the Supervisory Board. The casting of the vote in writing may not concern issues added to the agenda during the meeting of the Supervisory Board.

9. The Supervisory Board may also adopt resolutions under a written circulation procedure or through the use of instantaneous means of communication. A resolution adopted in the aforementioned manner shall be valid if all members of the Supervisory Board were informed about the contents of the draft resolution.

10. The adoption of resolutions under the procedures mentioned in section 8 and 9 may not concern the following issues:

- the appointment of the Chairman of the Supervisory Board, his Deputy or Secretary of the Supervisory Board,
- the appointment, dismissal and suspension of the Management Board members and cancellation of such suspension,
- assessment of the separate and consolidated financial statements and the report of the Management Board on the activities of the Company and the Capital Group for the given financial year,
- the annual brief assessment of the Company's situation,
- the assignment of a member or members of the Supervisory Board to temporarily perform the duties of the Management Board members who are unable to perform their duties,
- determination of the remuneration of Management Board members and other terms of the agreements or contracts concluded with them.

11. Draft resolutions should be initialled by the legal counsel.

12. Resolutions should be signed on the date of their adoption, at the meeting of the Supervisory Board and should be signed by all Supervisory Board members present at the meeting.

13. Resolutions shall be marked with consecutive numbers during each calendar year.

14. A Supervisory Board member should inform the other Board members immediately, however, at the next Supervisory Board meeting at the latest, about the existence of any conflict of interest with the Company, and should abstain from participating in the discussion and voting on adoption of any resolution on the issue in respect to which the conflict of interest occurred.

VI. MINUTES OF THE MEETINGS

§ 17

1. The minutes shall be drawn up from the meetings of the Supervisory Board, which shall contain the resolutions adopted at that meeting.

2. The minutes should contain the date and place of holding the meeting, the list of the Supervisory Board members present at the meeting, the determined agenda of the meeting, the results of voting on individual resolutions, contents of the resolutions in the form of attachments to the minutes

signed by the Supervisory Board members present at the meeting and the submitted separate opinions.

3. The minutes should be signed by the Supervisory Board members present at the meeting.
4. The minutes are subject to approval and signing at the subsequent meeting of the Supervisory Board.
5. The approved and signed minutes and resolutions of the Supervisory Board shall be kept in the Minutes Log and the Resolutions Register, and copies shall be delivered to the Supervisory Board members within one week from the date of approval. The Minutes Log shall be kept by the secretarial office of the Supervisory Board under the supervision of the Board's Secretary.
6. The Management Board of the Company is responsible for the proper storage of the Minutes Log and the stamps of the Board by the secretarial office of the Supervisory Board. The Management Board shall identify those Company employees who will be required to perform these duties.

§ 17a

1. The minutes shall also be drawn up from the resolutions which were not adopted during the meetings of the Supervisory Board
2. The draft resolutions mentioned in section 1 should contain specifically: the voting procedure, and in the case of voting with the use of the means of instantaneous communication - the type of the means used, names and surnames of the Supervisory Board members participating in the voting, contents of the resolutions, results of the voting and a note on separate opinions.
3. The draft resolutions mentioned in section 1 shall be signed by the Chairman of the Supervisory Board and subsequently sent immediately to all members of the Supervisory Board by electronic mail.
4. The Supervisory Board members participating in the voting shall sign the minutes at the next meeting of the Supervisory Board.

VII. INFORMATION REQUIREMENTS OF THE SUPERVISORY BOARD MEMBERS

§ 18

1. A Supervisory Board member is required to provide the Company with information on any personal, factual or organisational relations with a Company shareholder.
2. The information mentioned in section 1 should be submitted to the Company immediately in writing, by a date enabling its public disclosure by the Company, in a manner determined by the Company or resulting from generally binding legal regulations.

§ 19

1. A Supervisory Board member is required to provide the Company immediately with information on the disposal or purchase of shares of the Company or of a Parent Entity or a subsidiary thereto, and

information on any transactions with such companies, provided they are relevant for the financial situation of a Supervisory Board member.

2. The information mentioned in section 1 should be submitted according to the appropriate procedure resulting from generally binding legal regulations or in the manner defined by the Company.

VIII. FINAL PROVISIONS

§ 20

1. The costs of operation of the Supervisory Board shall be incurred by the Company according to the determined budget.

2. The Supervisory Board shall use the office space, equipment and materials of the Company.

3. The administrative-technical service of the Supervisory Board is provided by the Management Board.

§ 21

1. Supervisory Board members shall receive remuneration for the performance of their functions, determined by the General Meeting.

2. Supervisory Board members are not entitled to remuneration for any month during which they were not present at any of the formally convened meetings due to unjustified reasons, which shall be assessed and decided by the Supervisory Board.

3. Supervisory Board members are entitled to reimbursement of the costs associated with participation in the work of the Board.

§ 22

These Bylaws shall come into force upon their adoption by the Supervisory Board.