

B. SUPERVISORY BOARD

§16

1. The Supervisory Board shall be composed of 7 to 10 persons. The term of office of the Supervisory Board shall last three years. In the case of elections to the Supervisory Board by group voting, the number of members of the Supervisory Board within the aforesaid limit will be set by the General Meeting.

2. The General Meeting shall appoint and recall members of the Supervisory Board for a mutual term of office.

3. The recalling, resignation or death of an employee-elected member of the Supervisory Board shall result in a supplementary election. Such election shall be ordered by the Supervisory Board within 3 weeks.

4. The particular procedure in which employee-elected members of the Supervisory Board are to be elected or recalled, shall be determined in an electoral bylaw adopted by the Supervisory Board.

5. At least two members of the Supervisory Board should be independent members, meeting the following criteria:

1) does not work for the Company, its divisions, or with a related entity of the Company, either as an employee or in any other legal relationship,

2) is not a member of the Supervisory Board or Management Board of an entity related to the Company,

3) is not a partner or shareholder controlling 5% or more of the votes at the General Meeting of the Company or at the General Shareholders Meeting of a related entity,

4) is not a member of the Supervisory Board or Management Board or an employee of an entity controlling 5% or more of the votes at the General Meeting of the Company or at the General Shareholders Meeting of a related entity,

5) is not a direct family member related by blood in an ascending or descending line, a spouse, brother or sister, a parent of a spouse or an adoptee of any of the persons mentioned above in points 1-4.

6. An independent member of the Supervisory Board should meet the criteria for independence defined in sec. 5, throughout his entire tenure. Should the Supervisory Board or Management Board of the Company be informed that an independent member of the Supervisory Board of the Company has ceased during his tenure to meet the criteria for independence, and should this cause the Company to fail to meet the criteria of having at least two independent members, action should be taken to ensure that the said member of the Supervisory Board submit his/her early resignation or that said member is recalled.

7. Prior to being appointed to the Supervisory Board of the Company, a candidate for the position of independent member of the Supervisory Board is required to submit a declaration in writing that he/she meets the criteria for independence defined in sec. 5.

8. A Member of the Supervisory Board should present to the Management Board of the Company information respecting his connections, of an economic, family or other nature which could have an impact on his position, with a shareholder in the possession of shares representing at least 5 % of the number of votes at the General Meeting. This information shall be presented following appointment of the member of the Supervisory Board, as well as during his tenure, should any change to these circumstances occur.

§17

1. The Supervisory Board shall select from among its members a Chairman of the Supervisory Board, his deputy and, if necessary, a Secretary.

2. The Chairman of the Supervisory Board shall convene meetings of the Supervisory Board and chair them. In case of the expiry of the mandate of the Chairman of the Supervisory Board, the said Chairman shall convene and open the following meeting and shall chair the meeting until a new Chairman is elected. If this is not possible, the above-mentioned responsibilities of the Chairman shall be fulfilled by the Deputy Chairman of the Supervisory Board until the election of a Chairman at the next meeting. Should it also not possible for meetings of the Supervisory Board to be convened and opened by the Deputy Chairman of the Supervisory Board, the Management Board shall extend invitations to all of the members of the Supervisory Board for a meeting of the Supervisory Board to be held under an altered composition, indicating the time and place of the meeting and the proposed agenda.

3. The Supervisory Board may recall the Chairman, his Deputy and the Secretary at any time.

§18

1. The Supervisory Board should meet when the situation warrants, but in any case no less than once a quarter.

2. The Chairman of the Supervisory Board or his deputy shall also be obliged to convene a meeting of the Supervisory Board on the written request of either the Management Board or of a member of the Supervisory Board.

Meetings should take place within two weeks of the request containing the proposed agenda being received by the Chairman.

§19

1. All members of the Supervisory Board must be invited to participate in the meetings of the Supervisory Board in order for its resolutions to be valid.

2. The Supervisory Board shall adopt resolutions by an absolute majority of votes in the presence of at least one-half of the members of the Supervisory Board.

3. Members of the Supervisory Board may participate in the passage of resolutions by providing their vote in writing through another member of the Supervisory Board. However, voting on issues added to the agenda of a Supervisory Board meeting may not be done in writing.

4. The Supervisory Board may also pass resolutions in written form or through the use of long-distance means of direct communication. A resolution passed in this manner shall be valid if all members of the Supervisory Board were informed of the wording of the proposed resolution.

5. The passage of a resolution in the manner prescribed in sections 3 and 4 does not apply to the election of the chairman of the Supervisory Board and his deputy, the appointment, recall and suspension of members of the Management Board from their duties and the lifting of such suspension.

6. The Supervisory Board shall adopt bylaws specifying the manner in which it is to act, and which should be available to the public.

§20

1. The Supervisory Board shall be responsible for constant supervision of the activity of the Company.

2. In addition to matters provided for by these Statutes, the following in particular shall be the responsibility of the Supervisory Board:

1) evaluating the unconsolidated and consolidated financial statements and the report of the Management Board on the activity of the Company and the Capital Group for the given financial year,

2) evaluating the proposals of the Management Board with respect to the distribution of profits or coverage of losses,

3) submitting to the General Meeting an annual written report on the results of the evaluation of the documents referred to in points 1 and 2,

4) submitting to the General Meeting annual requests for granting approval of the Management Board's members with respect to their activities,

5) examining and controlling the activity and financial condition of the Company, and submitting to the Ordinary General Meeting an annual, concise evaluation of the Company situation,

6) choosing an auditor to audit the statements referred to in point 1,

7) suspending from their duties for important reasons some or all of the members of the Management Board,

8) temporarily delegating a member or members of the Supervisory Board to carry out the duties of members of the Management Board who are unable to carry out their duties,

9) setting the remuneration of members of the Management Board and other conditions of management services contracts, based on principles for setting the remuneration of Members of the Management Board adopted by the General Meeting, with due regard to the Act of 9 June 2016 on the terms of setting the remuneration of individuals managing certain companies (Journal of Laws of 2016, item 1202 with subsequent amendments),

10) approving the bylaws of the Management Board of the Company,

11) approving the Company's annual and long-term plans of activity,

12) stating its opinion on any request of the Management Board addressed to the General Meeting,

13) at the request of the Management Board, expressing its consent to:

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);

b) the granting of guarantees and loans to commercial entities in which the Company owns less than 1/3 of the voting rights at the General Meeting of such entities;

- c) establishing and acceding to commercial partnerships and companies;
- d) disposing of shares in subsidiaries of the Company;
- e) establishing branches, companies, representative offices and other organizational or economic entities abroad;
- f) obtaining or acquiring shares of another Company;
- g) the establishment and liquidation of foundations;
- 14) appointing and recalling members of the Management Board, with due regard being given to § 12 of the Statutes of the Company,
- 15) expressing an opinion on investments by the Company in tangible assets, which meet one of the following conditions:
 - a) investments having a value of more than 10% of the budget for expenditures on investments in tangible assets of the Company for a given financial year,
 - b) investments of more than 5% of the budget for expenditures on investments in tangible assets of the Company for a given financial year, if the investment does not meet the criteria for planned effectiveness in comparison to the accepted rate of return on equity in the Company.
- 16) determining the manner of voting by a representative of KGHM Polska Miedź S.A. at the General Meetings of companies in respect of which the Company is a parent entity pursuant to art. 4 point 3 of the Act of 16 February 2007 on competition and consumer protection (Journal of Laws from 2017 item 229), regarding:
 - a) the founding by a company of another company;
 - b) amendments in the statutes or articles of association and in the subject of a company's activities;
 - c) the merger, transformation, splitting, dissolution and liquidation of a company;
 - d) increasing or decreasing a company's share capital;
 - e) the disposal and lease of an enterprise or of an organised part thereof, as well as the attachment of limited property rights to same;
 - f) the retirement of shares;
 - g) setting the remuneration of members of the management boards and supervisory boards;
 - h) decisions relating to claims for redress of damage suffered during the founding of the company, or from management or supervisory activities;
 - i) regarding issues referred to in art. 17 of the Act of 16 December 2016 on the principles of state assets management (Journal of Laws from 2016 item 2259), with due regard to § 34 sec. 4.
- 17) providing an opinion on the report 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,
- 18) providing an opinion on the principles regulating sponsoring activities and evaluating the effectiveness of the Company's sponsoring activities,
- 19) providing an opinion on changes in the principles of disposing of non-current assets, referred to in § 33',
- 20) approving the Group's remuneration policy, and
- 21) acceptance of a uniform text of the Company Statutes, prepared by the Management Board.

3. The duties of the Supervisory Board also include granting consent to the Management Board for the following:

1) 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 exceeds the net amount of PLN 500 000 per year,

2) changes in agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management which increase the amount of remuneration above the amount referred to in point 1,

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

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

§21

1. The members of the Supervisory Board shall exercise their rights and perform their duties personally.

2. The remuneration of the members of the Supervisory Board shall be determined by the General Meeting. Remuneration is paid on condition the member is present at the Supervisory Board meeting. Remuneration is payable if the Supervisory Board excuses the absence of the member.

3. The remuneration of Supervisory Board members temporarily assigned to carry out the duties of a member of the Management Board shall be determined by a resolution of the Supervisory Board.