



# Stable development in uneasy environment

40th anniversary of mining

LW Bogdanka Group  
**2022 ESG Report**

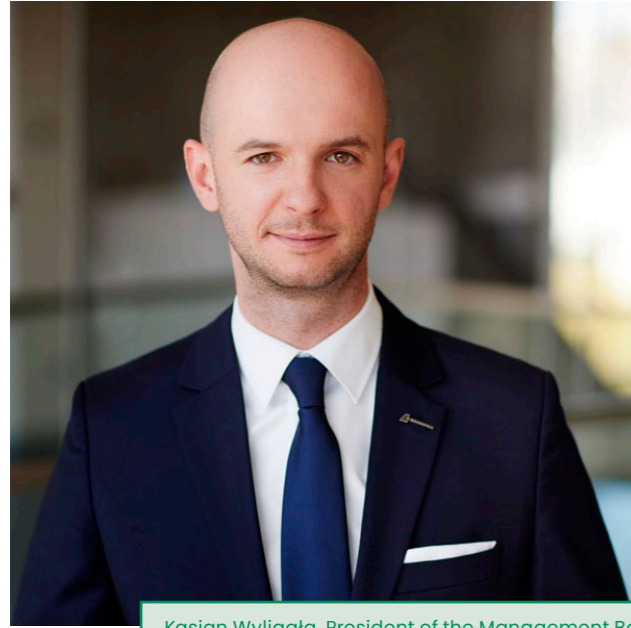




# TABLE OF CONTENTS

<b>Letter from the President of the Management Board</b>	<b>2</b>
<b>1 LW Bogdanka Group</b>	<b>4</b>
1.1 About Bogdanka	5
1.2 Management	7
1.2.1 ESG Strategy	14
1.3 Ethics and anti-corruption	16
1.4 Relations with stakeholders	21
<b>2 Environment and climate</b>	<b>24</b>
2.1 Change for the climate	25
2.2 Respect for nature	30
2.3 Resources used	32
<b>3 People</b>	<b>38</b>
3.1 Safe workplace	39
3.2 Engaged Employees	46
3.3 Best experts	48
3.4 A workplace friendly to all	60
<b>4 Region</b>	<b>66</b>
4.1 Green and attractive region	67
4.2 Active citizen	69
<b>5 Innovative Group</b>	<b>72</b>
5.1 Innovation, automation and digitization	73
5.2 Change leader	75
<b>6 About this report</b>	<b>76</b>
6.1 Process of defining relevance	77
6.2 Material Topics	78
<b>Indeks GRI</b>	<b>79</b>





Kasjan Wyligata, President of the Management Board

# LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

GRI 2-22

Ladies and Gentlemen,

We are pleased to present to you the ESG Report of the LW Bogdanka Group for the year 2022 – an extraordinary year dominated by the war in Ukraine. We were not indifferent to the tragedy of our Ukrainian neighbors. As a company and as employees, instead of celebrating the 40th anniversary of mining, we have been involved in a wide range of support activities since the very beginning. Details of this support are provided in the report. I would like to take this opportunity to express my sincere gratitude to our employees for their exceptional efforts and dedication, as they once again proved that we can count on them in difficult times.

From the corporate perspective, 2022 was also an exceptional year for us. The entire Group worked with intensity on the LW Bogdanka Group's ESG Strategy for 2023-2030 with an outlook to 2040, which was adopted in 2023. Today, I can say that this is a document of fundamental importance for our Group and the economic future of the Lublin Region. Our mission is responsible and sustainable development based on mining competence. In the near future, we want to become

an innovative multi-commodity concern that will drive the green transition and ensure the economic development of the Central and Eastern Poland.

We are fully aware of the unique nature of our industry and the global shift away from coal. The end of hard coal mining in Poland is planned for 2049; while this prospect may seem distant to many, we know that the fate of our Group in a few decades will depend on decisions taken today. Our Strategy is an ambitious and responsible plan to diversify our revenues, gradually and wisely moving away from our core business. We will continue the efficient extraction of coal, for which LW Bogdanka is known in the market, but we also want to reach for other raw materials that are critical to the economy and indispensable for the energy transition. By maintaining a high level of coal production, we aim to generate funds by 2030 that will allow us to invest in the multi-commodity area. Over the next 8 years, we plan to invest PLN 8.6 billion, almost half of which will be invested in new business areas. In order to transform the Group into a Multi-Commodity Concern in the future, which is one of the pillars of our strategy, we have already prepared a priority plan for the commodities and the relevant expert opinions. We have selected 11 raw materials of the greatest interest to us. In the coming year, we will seek exploration licenses in 20 potential locations, where we will carry out

exploratory drilling. The projects we find interesting can be launched within 5-8 years, and in the case of open pit mining and leaching within 2 years.

We want LW Bogdanka to also become a Sustainable Energy Guarantor. We will invest in photovoltaic farms, energy storage and wind farms, with a target of 500MW of installed capacity. We have built our first photovoltaic farm with a capacity of over 3MW, which is located in the immediate vicinity of Bogdanka. Renewable energy sources are naturally linked to the topic of ecology. We are strategically responsible for our environmental challenges in the Green Transition pillar. We take a comprehensive view of our value chain and want to use all the assets we have. For example, we plan to recover heat from mine water and increase the recovery of shale waste, which can be used in construction or in fertilizer production. We will also reclaim post-industrial areas and turn them into tourist attractions visited not only by the inhabitants of the Lublin Region. The popularity of the existing nature trail near the Nadrybie post-mine water basin proves how interesting and ecologically valuable such places can be.

All these activities connect directly and indirectly to the last pillar of our strategy: the Future of the Lublin Region. LW Bogdanka owes its success to its employees, most of whom come from local communities. We are aware of their obvious concern about the future place of work for them and for their children. Our strategy is a responsible response to their voices

and a way of securing jobs in "their Bogdanka" – a company that will be better equipped to meet modern challenges, more diversified, but which will continue to be a great support to the Lubelskie Voivodeship.

Our ESG Strategy is naturally incorporated in the Business Strategy. Adopted in 2022, it strengthens our activities in the environmental, social and corporate pillars. The strategy takes into account, among other things, the perspectives of different stakeholder groups, the long-term plan for equitable transition, and the challenges facing the mining industry. Please read the report to find out more about the details of the document.

Ladies and gentlemen, I am proud to present our next ESG report. New and exciting prospects are opening up for our Group, and the goals we have set ourselves are ambitious but realistic and achievable. We are and will remain a company that combines a business approach with concern for people, understanding of environmental challenges and responsible management practices.

Respectfully,  
**Kasjan Wyligata**





1

## LW BOGDANKA GROUP



## 1.1 ABOUT BOGDANKA

GRI 2-1

GRI 2-6

The Lubelski Węgiel Bogdanka Group is one of the largest producers of hard coal in Poland. Our coal is mainly used to generate electricity and heat, with the energy sector in eastern and north-eastern Poland being the largest consumer. Our offer did not change in this respect in 2022. Additionally, in connection with the geopolitical situation, our mine joined the statutory coal distribution program run by the government, supplying coal to 152 municipalities, which then distributed them to households.

The Group's headquarters are located in Bogdanka, Puchaczów township, Lubelskie Voivodeship. In 2022, we were part of the Enea Group as the pillar of the Mining area. We have been listed on the Warsaw Stock Exchange since 2009.

GRI 201-1

GRI 3-3

### 8.4 million tons

of commercial coal produced and sold in 2022

### PLN 2,451.7 million

of sales revenues

### PLN 209.2 million

of our sales profit

### 5,791 people

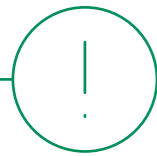
employed at the end 2022

The parent company of our Group is Lubelski Węgiel Bogdanka S.A. [hereinafter: LW Bogdanka], which is engaged in underground mining, preparation and enrichment of hard coal, mainly for the commercial power sector, and at the same time coordinates and secures its sale, mainly on the basis of long-term contracts. The remaining companies serve mainly as auxiliary entities supporting the activity conducted by the parent company. The subsidiaries included in our Group are as follows:

- Łęczyńska Energetyka, which produces heat, carries out overhauls, maintains and installs power equipment, and produces drinking and industrial water;
- Ekotrans Bogdanka, which organizes transportation and recovery of waste generated during washing and cleaning of coal shale, and reclamation of land;
- RG Bogdanka, which provides services, supplies and carries out mining works for LW Bogdanka;
- MR Bogdanka, which specializes in overhauls, regeneration and production of steel structures and provides services to LW Bogdanka. In 2022, the Company expanded the scope of its activities to include the washing of work clothes, preparation of beverages for LW Bogdanka and for companies providing services at the site of the mine.



At LW Bogdanka, coal production is carried out in three mining fields: Bogdanka, Nadrybie and Stefanów. In 2022, the majority of our output was the fine coal sort, at 98.1%. The remaining output was pea coal, at 1.3%, and chestnut coal at 0.6%. The Company currently holds four concessions for the mining of hard coal. Assuming that production continues at about 9 million tons per year, the resources in the key areas will be sufficient for more than 50 years of operation.



In accordance with the Regulation of the Minister of Climate and the Environment of 24 October 2022 on the waiver of requirements set forth in the Regulation on solid fuels quality requirements and in connection with LW Bogdanka's participation in coal sales under the Act on preferential purchase of solid fuel for households, the chestnut coal and fine coal assortments returned to the retail offer in 2022. The Regulation on the waiver and the preferential sales under the Act were in effect until 30 April 2023.

GRI 2-28

Bogdanka is active in the following national and international industry organizations:

- Polish Business Society
- Union of Entrepreneurs and Employers
- EURACOAL

LW Bogdanka is a member of, among others:

- Responsible Business Forum
- UN Global Compact
- Association of Individual Investors
- Polish Association of Listed Companies
- MINING OK Joint Social Initiative Group
- Poland's Economic Safety Consortium

GRI 417-1

GRI 417-2

GRI 417-3

GRI 416-2

GRI 3-3

We comply with all legal requirements for product labeling. Our customers receive information on the origin of the coal they purchase and quality parameters are made available. In 2022, we did not record a single case of non-compliance with regulations and voluntary codes related to labeling and product information, and there were no failures in marketing communication. There were also no instances of non-compliance with regulations or voluntary codes regarding the impact of our products on the health and safety of customers and users.

## 1.2 MANAGEMENT

The management process at LW Bogdanka uses an integrated management system that includes quality, environmental and occupational health and safety management systems. We rely on the recognized standards such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018.

### BEST PRACTICE

In May 2022, the compliance of our systems with international standards was confirmed once again during a recertification audit. The auditors pointed out a number of strengths of the organization, including: high commitment of the management and employees to improving the Integrated Management System, order and cleanliness at the plant, comprehensive approach to the assessment of compliance with legal requirements, and accurate system documentation.

Our vision, mission and strategic goals are described in the Integrated Management System Policy. The document has been developed together with the representatives of the Company's employees and top management. The Policy was updated following the publication of the Bogdanka 2030 strategy in May 2023. Below we present the vision and the mission of our organization in effect in the reporting year 2022:



### OUR VISION

Bogdanka is the performance leader in the mining industry attaining the highest standards of work safety, flexibly adjusting its operations to evolving environmental requirements and market conditions and involved in endeavors aimed at reaching the "green deal" through diversification of its business.



### OUR MISSION

Bogdanka is a reliable and credible coal supplier for the commercial power sector, which maintains its competitive advantage in a manner ensuring a constant growth in the Company's value and develops as regards OHS standards, environmental protection and implementation of innovative solutions.





## Our management objectives:

1

Maintaining the leader's position in the market of the steam coal supply to the commercial power sector in Poland, while effectively competing with imports.

2

Maintaining high production efficiency and profitability due to the application of innovative organizational as well as technical and technological solutions.

3

Our overriding values in our business are: responsibility, ethics, professionalism and transparency. These values ensure the harmonious development of the Company, pursuing its business goals with the highest standards and a proactive attitude related to environmental performance, occupational safety and community relations.

4

We are committed to maintaining the highest quality standards for all the products we produce and manufacture. Given the special nature of the Company's operations, we are also mindful of protecting the environment and reducing undesirable environmental impacts, as well as ensuring and prioritizing the occupational safety of our employees and those who work for or on behalf of the Company.

5

The implementation of the above declarations is guaranteed by the attention of the management of the Mine to ensure the resources, including the means, necessary to improve the competence and motivation of all of the Company's employees.

GRI 2-9

GRI 2-10

GRI 2-11

GRI 2-12

The members of the LW Bogdanka Management Board are appointed and dismissed by the Supervisory Board for a joint term of office of three years. Pursuant to the Articles of Association, the Management Board manages the Company's activity and represents it externally, ensuring transparency and effectiveness of the governance system. The activities of the Management Board are defined in its Bylaws and the Management Board members are required to act in accordance with the Company's Articles of Association and the Best Practice for WSE Listed Companies. In

2022, 88 Management Board meetings were held with minutes taken.

The ESG Strategy, which sets out sustainability objectives, has been submitted to both the Supervisory Board and the Management Board for approval. The company's top management is responsible for fulfilling these objectives. The Management Board also appoints special teams or committees, which connect employees from different departments to implement specific projects. The performance of tasks related to the organization's impact on the economy, the environment and people is supervised by the highest supervisory

bodies. The powers of the Management Board include approving policies and regulations and giving consent to take social involvement activities. Applications for all social activities and employee projects are submitted to the Management Board for approval.

Selected ESG projects – those with a larger scale of impact – are carried out after social consultations. The Management Board is working closely with local government bodies and the consultations may result in the establishment of special-purpose partnerships.

An official summary of social engagement activities is provided to the Management Board in quarterly activity reports and non-financial activity declarations. Additionally, in large project implementation processes, the initiatives are presented to the entire Management Board.

### BEST PRACTICE

In August 2022, LW Bogdanka returned to the WIG-ESG index of socially responsible companies listed on the Warsaw Stock Exchange that conduct their business with respect for environmental, social and corporate governance factors.

### Composition of the Management Board as at 31 December 2022<sup>1</sup>:

#### ARTUR WASILEWSKI

acting President of the Management Board, Vice-President of the Management Board, Economic and Financial Affairs

#### ADAM PARTYKA

Vice-President of the Management Board, Labor and Social Affairs

#### DARIUSZ DUMKIEWICZ

Vice-President of the Management Board, Sales and Investments

#### KASJAN WYLIGAŁA

Vice-President of the Management Board, Strategy and Development

The bios and detailed scope of duties of the individual members of the LW Bogdanka Management Board are presented in the Management Board Report on the Activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2022.

The activity of LW Bogdanka is exercised by the Supervisory Board. The Management Board presents to the Supervisory Board regular and exhaustive information about all the important matters pertaining to the Company's activity as well as about the risks and how these risks are managed. The members of the Supervisory Board are appointed and dismissed by the Shareholder Meeting for a term of three years. The procedures of the Supervisory Board's work are defined in detail in the Supervisory Board Bylaws. Powers of the Supervisory Board include, among others:

- evaluating the Management Board Report on the activity of the Company and the Group,
- evaluating the financial statements of the Company and the Group,
- selecting the statutory auditor to audit the annual financial statements and the consolidated financial statements of the Group,
- appointing and dismissing Management Board members and defining their compensation,
- approving material and financial plans, multi-annual development plans and area strategies adopted by the Management Board.



<sup>1</sup> On 13 January 2023, the Company's Supervisory Board adopted a resolution to appoint Mr. Kasjan Wyligała as President of the LW Bogdanka S.A. Management Board. The composition of the Management Board remained unchanged until the date of publication of this Report.



#### Composition of the Supervisory Board as at 31 December 2022:

##### ANNA CHUDEK

Supervisory Board Chairwoman

##### MARCIN JAKUBASZEK

Supervisory Board Deputy Chairman

##### SZYMON JANKOWSKI

Supervisory Board Secretary

##### DARIUSZ BATYRA

Supervisory Board Member

##### KRZYSZTOF GIGOL

Supervisory Board Member

##### BOŻENA KNIPFELBERG

Supervisory Board Member

##### ZBIGNIEW RAK

Supervisory Board Member

##### BARTOSZ ROŻNAWSKI

Supervisory Board Member

##### GRZEGORZ WRÓBEL

Supervisory Board Member

The Board may appoint standing or ad hoc committees from among its members. The Audit Committee is a standing committee of the Supervisory Board. It was the only Board committee in the Company in 2022. The Audit Committee advises the Supervisory Board on the internal budgetary policy and procedures adopted by the Company, as well as provides control and advice in the area of contacts with the statutory auditor.

In 2022 LW Bogdanka acted in accordance with the Best Practices for WSE Listed Companies 2021. The persons on the Management Board and Supervisory Board meet all the criteria and requirements specified in the above document. LW Bogdanka also meets the criteria and requirements in respect of the systems of internal control, risk management and compliance, as well as audit. Detailed information on the application of Best Practice for GPW Listed Companies 2021 is presented in the Management Board Report on the Activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2022.

GRI 2-12

GRI 2-18

The ESG Strategy, which sets out LW Bogdanka's sustainability objectives, was submitted to both the Supervisory Board and the Management Board for approval in 2022. The senior management is responsible for the initiatives and projects adopted as part of the ESG Strategy. The Management Board also appoints special teams or committees, which connect employees from different departments to implement specific projects. The Supervisory Board monitors the Company's social engagement activities by approving LW Bogdanka's non-financial reports.

#### BEST PRACTICE

GRI 2-17

Representatives of LW Bogdanka's Management Board participate in national and international conferences and symposia on sustainable development and climate change. In 2022, the former Management Board members participated, among others, in the National Business Conference, the 2022 ARE Conference or the conference entitled "Biodiversity, Sustainable Transformation of Industrial Regions and Energy Security".

#### BEST PRACTICE

Since June 2022, the Company has had in place a Scientific Council for Environmental Protection [hereinafter: the Scientific Council]. The Council is a body issuing opinions and recommendations to the Management Board regarding the Group's various anticipated or completed activities in the field of environmental protection. It operates independently and its members – experts from various areas of environmental protection – serve pro bono and do not receive any compensation on this account. The Council's responsibilities include, among others:

- assessment of the nature subject to the immediate impact of LW Bogdanka,
- participation in the development and pursuit of environmental protection policy
- preparation of opinions on environmental protection projects
- preparation of opinions on selected requests for cooperation in the field of environmental protection
- preparation of opinions on research and scientific programs in the field of environmental protection addressed to LW Bogdanka
- presentation of requests and opinions on environmental protection issues
- proposing of activities in the area of environmental protection for LW Bogdanka's potential involvement.

Meetings of the Scientific Council are held at least twice a year – employees may report their needs for obtaining opinions, while scientists receive information and data of interest to them, in accordance with the principles of due diligence and transparency. In important matters, the Council issues opinions in the form of Scientific Council Resolutions. Its meetings are held in person, in the registered office of LW Bogdanka S.A.

Members of the Scientific Council for Environmental Protection are elected for a joint term of office of 5 years, pursuant to a Management Board Resolution, with an Appointment Deed provided by the President or Vice-President of the Management Board.

As at 31 December 2022, the Scientific Council had 14 members representing the following Institutions: University of Life Sciences in Lublin, Lublin University of Technology, Maria Curie-Skłodowska University, The John Paul II Catholic University of Lublin, Institute of Soil Science and Plant Cultivation – State Research Institute, Warsaw University of Life Sciences and Polish Water – Regional Water Management Authority in Lublin.

A detailed scope of activity of the Scientific Council and the manner of its operation is defined in the Bylaws of the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A. in effect in the Company

In 2022, two Scientific Council meetings were held with minutes taken.





GRI 2-24

The performance of tasks related to the organization's impact on the economy, the environment and people is supervised by the highest supervisory bodies. The powers of the Management Board include approving policies and regulations and giving consent to take social engagement activities. All applications for all social activities and employee projects are also submitted for approval by the Management Board. If the implementation of a project requires social consultations, the LW Bogdanka Management Board cooperates closely with local government bodies. The consultation talks may result in the establishment of partnerships to implement common goals.

**BEST PRACTICE**

GRI 2-23

In 2022, the Information Security Policy for ITC systems at LW Bogdanka S.A. was reviewed and updated. It was verified for threats in respect to, among others, recognition of security systems, IT tools that may be used to paralyze the ITC infrastructure and to sabotage the organization from within. The analysis also covered the rules of access to facilities and security zones. The Company has not found any security incidents that would have material effect on its business continuity and on its most important services. Additionally, in line with the requirements of the cybersecurity system, the Instructions for handling security incidents in IT systems was also introduced.

GRI 2-13

GRI 2-14

LW Bogdanka has in place the ESG Department, which carries responsibility for managing the organization's impact on the environment, the economy and the people. Oversight over the ESG Department exercised by the Strategy and Sustainable Development Director and his deputy. Still, ESG-related activities refer to so many aspects that it is common practice to delegate tasks to Project Teams or Task Forces. In such cases, the Management Board focuses on reviewing and approving reports and making management decisions in the most important matters.

GRI 2-16

In accordance with the applicable procedures, the Compliance Officer or the Manager of the Compliance Policy Department informs the Management Board of the occurrence of critical situations in which the company has a negative impact on stakeholders. The communication of critical issues is also one of the tasks of the Corporate Communication and PR Department. It does not receive complaints directly from stakeholders, but as part of its activities the Department identifies potential critical situations and issues that may arise in the event of media inquiries or incidents at the company's sites. When a critical situation occurs, the Management Board of the Company is notified, usually by e-mail, with a proposed scenario for action. One of these critical situations in 2022 at LW Bogdanka was a fatal accident. In the summer of 2022, the special communication regime was also applied to the situation regarding the collection of coal by individual customers.

**Management of negative impacts**

GRI 2-25

The Geological and Mining Law obliges LW Bogdanka to remedy the negative consequences that may arise in connection with hard coal mining. The company has specific procedures in place for remedying the damage caused by the operation of a mine. Equally high priority has been given to preventing and mitigating the negative impacts of mining operations.

**What is the procedure?**

If a stakeholder suspects that mining activities have caused damage to their property, they should report this immediately to LW Bogdanka. A written notification should be made on a special form available on the Company's website. Each claim is considered individually, based on a site inspection and specialist geological survey documentation relating to the location of the potential damage. Damage repair consists in the restoration of the previous condition, if possible, or the payment of compensation in the amount calculated by an expert. The damage repair procedure ends with a written agreement between LW Bogdanka and the injured party.

The repair procedure was developed on the basis of the company's long experience and twice-yearly public consultations within the framework of the so-called Consulting Team. This team consists of representatives of LW Bogdanka, local governments and the Lublin Regional Mining Authority.

**How we protect personal data**

GRI 2-23

GRI 2-24

GRI 418-1

GRI 3-3

The LW Bogdanka Group did not experience any breaches of client privacy or leaks of personal data in 2022. No significant risks in this regard were identified in any of the Companies and the Group is fully compliant with data protection regulations.

At LW Bogdanka, GDPR training is part of the e-learning training package. The company also regularly publishes a GDPR Newsletter, which is distributed electronically throughout the Group. If data processing risks are identified, a warning mailing is sent to employees.

Łęczyńska Energetyka and RG Bogdanka carry out continuous monitoring of the processing of personal data. The premises where customer data is stored are secured against unauthorized access. The companies also apply access control to IT systems, a password policy and encryption of documents containing customers' personal data that are sent electronically. Employees are informed of the potential risks of a personal data breach. Information published on the website of the Personal Data Protection Office is also monitored.

At MR Bogdanka, personal data can only be accessed by authorised persons who have been granted individual access. The company's employees receive ongoing training on the protection of personal data.



## 1.2.1 ESG STRATEGY

GRI 3-3

Internal indicator

In the LW Bogdanka Group, we understand sustainable development as synergy between our business and the world around us: the community and the natural environment. For many years we have been investing in socio-economic development, giving priority to reducing our impact on the environment. Our actions prove that it is possible to operate an environmentally-conscious coal mine, which understands climate change and strives to base its business and transition objectives on smart use of natural resources and to reduce its environmental footprint.

Bogdanka's existing strategy takes account of revenue diversification aimed at retaining jobs.

As one of the most important employers in the Lublin Region, we are committed to responsible management and transformation, and above all to long-term planning. In this respect, our sustainable development projects include educational activities, support of entrepreneurship, activating and levelling out of opportunities - all pursued with respect for the environment and people, based on the resources that we use and manage as an employer and an economic pillar of the Lubelskie Voivodeship.

These actions were addressed by our Social Responsibility Strategy, which was replaced by the ESG strategy in 2022 to ensure an even greater impact on the various aspects of the Company's operations and on the delivery and measurement of performance. One of the main objectives of our CSR strategy was to stimulate the Region's development based on cross-sector cooperation – each project, regardless of its focus, was implemented through a solid partnership to ensure greater effectiveness and impact. We have developed good cooperation with non-governmental organizations, including those advocating for the environment, proving that such collaboration is possible when all the actors are guided by one overarching objective. One of these objectives is the environment, which should remain friendly for future generations as a result of the initiatives and environmental policies we pursue.

We also focused on social objectives, including socially disadvantaged groups or groups at the risk of social exclusion, and created social programs that reached the target population of the Lubelskie Voivodship. Our employees were involved in these community activities, mainly through employee volunteering under the "Bogdanka Socially Committed" project. We believe that this strategic approach to sustainable development is effective and lets Bogdanka stand out among its peer enterprises.

### Objectives of the ESG Strategy:



to fill in the gaps and take action in the areas and issues identified as weaknesses



to solidify strengths in the environmental, social, corporate governance and regional pillars, taking into account the viewpoints of various stakeholder groups, legal considerations, market trends and the long-term plan for equitable transition and challenges facing the mining industry.

LW Bogdanka's Development Strategy envisages that its operations be conducted in an environmentally friendly manner, which is reflected in particular in:

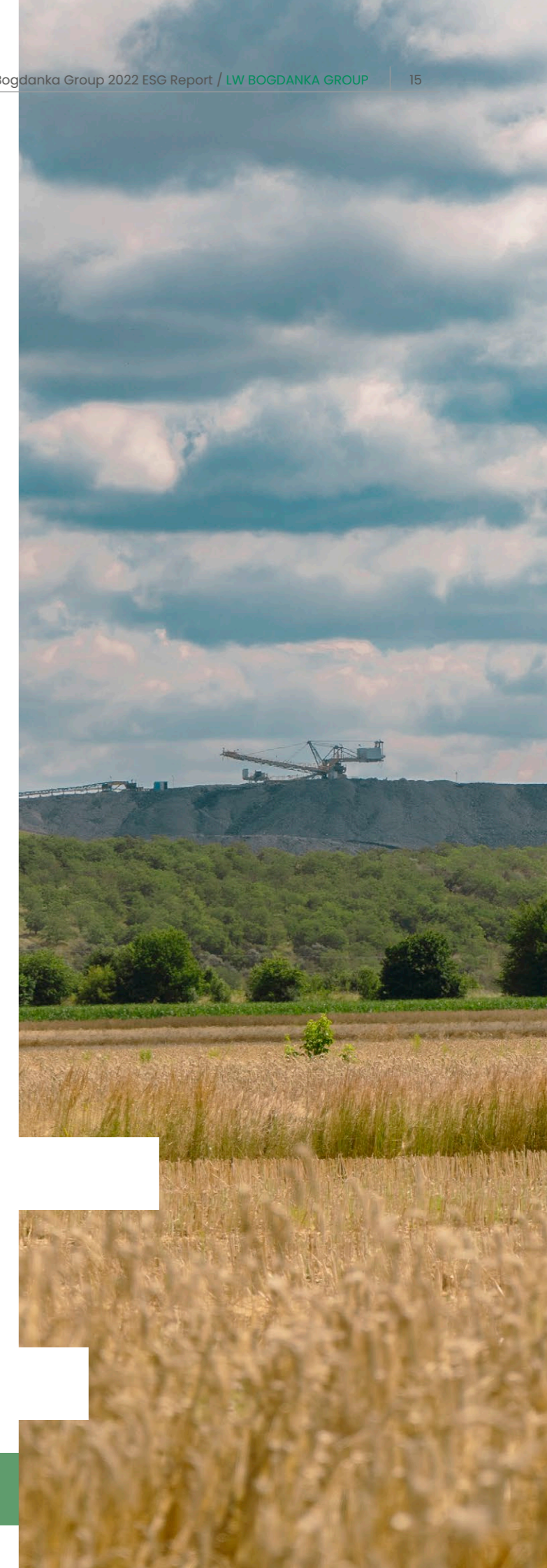
- sustainable utilization of spoil tips
- actions for the benefit of climate and ecology
- development of mine waste utilization technology
- support for the local natural habitat
- equitable transition of mining areas

The fundament of the Company's management is transparency and responsibility. Our value creation model is based on analyzing six capitals:

- financial
- production (operational)
- human
- intellectual
- social
- natural

and their correlation with the Company's strategic goals.

The objectives and capitals intersect and are integrally accompanied by the ongoing dialogue with the stakeholders - the Company's shareholders, customers, employees and the local community.





# 1.3 ETHICS AND ANTI-CORRUPTION

GRI 2-23 GRI 2-24 GRI 3-3

Employees of all companies comprising the Group are subject to a shared [Code of Ethics](#), a formal set of rules and ethical principles that guide us in all our activities. The Code places demands on employees at all levels of the Group that are higher than those imposed by the law alone. We want it to serve as an educational tool and as a moral guidepost, which makes it easier to deal with difficult, unclear and problematic situations that may arise in the workplace.

The Code outlines basic standards of conduct, such as solidarity, good work organization, safety, accountability, respect, avoidance of politicization, avoidance of conflict, confidentiality, compliance with the law, tolerance and integrity. We are committed to upholding them both internally and in relationships with our business partners. Our ethical values are communicated to employees and stakeholders on an ongoing basis through billboards, charts, boards and multimedia systems.

## BEST PRACTICE

GRI 2-24 GRI 2-26

The Code of Ethics states that if an employee believes that a supervisor's or co-worker's conduct toward him or her is unethical, or becomes aware of a Code violation, he or she should report the matter to his or her supervisor, the company's President or the person designated in the company to manage ethical conduct. If the incidents concern LW Bogdanka, they may be reported (in person or in writing) to the Compliance Officer. Reports can be made in person, by phone, by e-mail, by mail or through contact boxes located in all mining fields. All information submitted in good faith will be treated as confidential, with the right to remain anonymous. In 2022, we received 7 complaints and concerns regarding Code of Ethics violations and each of these cases was resolved.

## BEST PRACTICE

We also require conduct consistent with the Code of Ethics from subcontracted companies working at LW Bogdanka sites. Employees of these companies also have the right to report potential violations of the Code.

GRI 2-23 GRI 2-24 GRI 205-1 GRI 205-2

We reject all corrupt practices. Our broad definition of corrupt practices and strict prohibition of participation in such practices for all employees without exception is described in the Code of Ethics and in more detailed procedures, including the [LWB Whistleblowing Procedure](#), the Guidelines for Accepting and Offering Gifts at LW Bogdanka and the Compliance Policy. The responsibility for monitoring and managing the anti-corruption area rests with the Compliance Policy Department and the Management Board's Compliance Representative.

The Company regularly holds anti-corruption training sessions conducted by active officers of the Central Anti-Corruption Bureau. In 2022, the Company worked to systematize the existing regulations

directly related to broadly defined corrupt practices (among others, in the Code of Ethics) and to develop a new comprehensive document regulating corruption issues, i.e. the Anti-Corruption Policy.

Regardless of the procedures and regulations in place in LW Bogdanka, we are aware that there a slight risk of corruption always remains. The most exposed to irregularities in this area are those employees who enter into direct contact with representatives of external parties that may potentially obtain a specific material benefit by establishing cooperation with the Company. We manages this risk by adopting a number of regulations and procedures for internal application, requiring impartiality in the performance of official duties and prohibiting the acceptance of any material benefits from external parties, as well as a mandatory report on conflict of interest. In addition, the Company's relevant internal functions – the Compliance Policy Department and the Management Board's Compliance Representative – provide training in this area. Additionally, in 2022 we organized anti-corruption training for LW Bogdanka's management staff, delivered by officers of the Central Anti-Corruption Bureau and completed by 21 people.

### Our values:



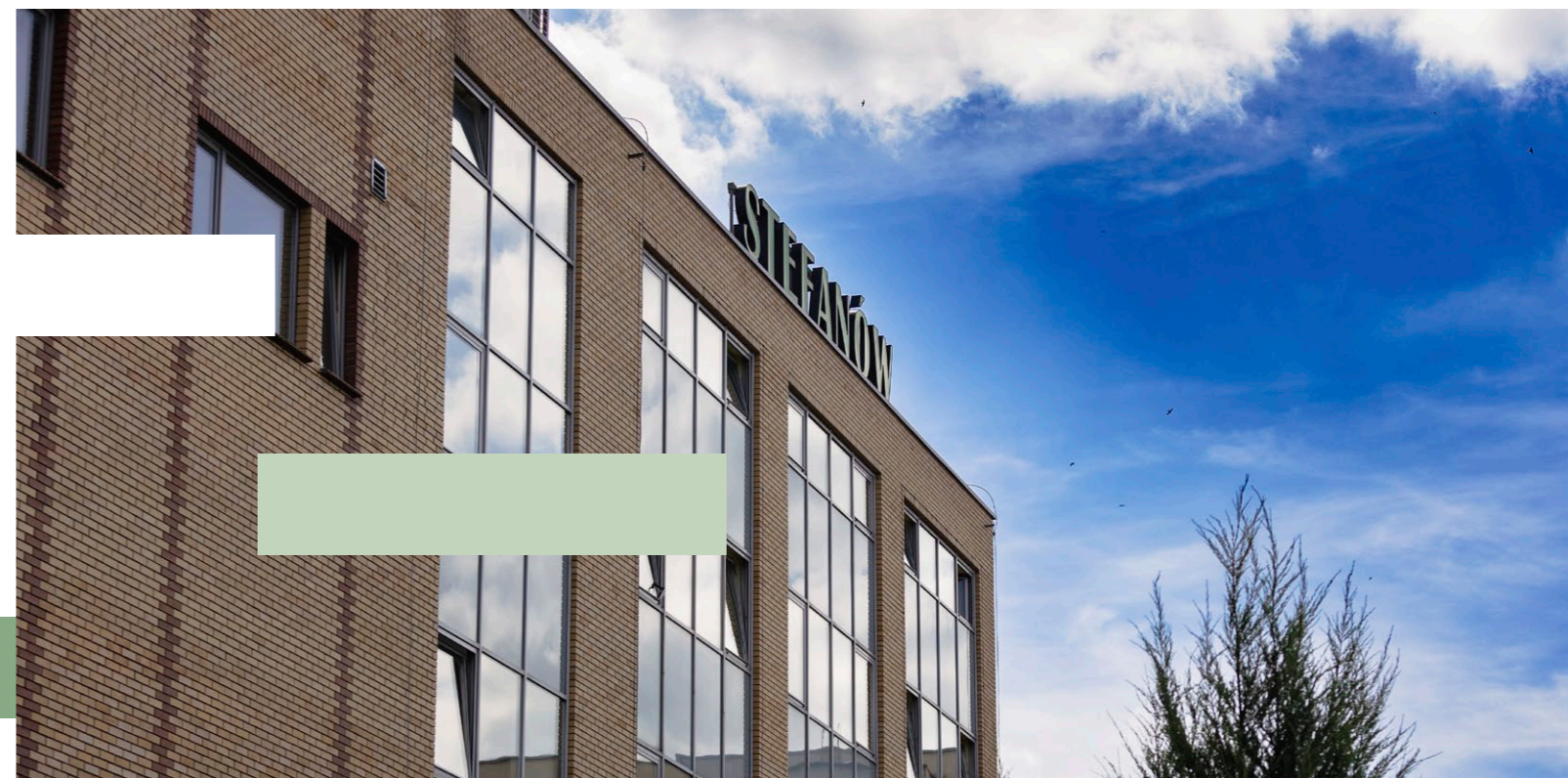
#### INTEGRITY

We are guided by integrity. We do not engage in unethical or dishonest activities, which applies particularly to corrupt and market-threatening activities (such as unfair competition).



#### PROFESSIONALISM

We are professional, reliable and dependable. Our common goal is the highest quality of products and services offered by the Company.





**Total number and percentage of members of governance bodies** (Management Board and Supervisory Board) who have been informed of anti-corruption policies and procedures

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of people who sat on the company's Management Board or Supervisory Board in 2022 for at least one day	14	1	1	1
Total number of people who sat on the company's Management Board or Supervisory Board in 2022 for at least one day and who have been informed of anti-corruption policies and procedures	5	0	1	1
Percentage of members of governance bodies who have been informed of anti-corruption policies and procedures	36%	0%	100%	100%

**Total number and percentage of members of governance bodies** (Management Board and Supervisory Board) who have received anti-corruption training

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of people who sat on the company's Management Board or Supervisory Board in 2022 for at least one day	14	1	1	1
Total number of people who sat on the company's Management Board or Supervisory Board in 2022 for at least one day and who have received anti-corruption training	0	0	1	1
Percentage of members of governance bodies who have received anti-corruption training	0%	0%	100%	100%

**Total number and percentage of company Employees** who have been informed of anti-corruption policies and procedures

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of company Employees (w/o members of governance bodies) as at 31 December 2022	4,940	99	109	655

**Total number and percentage of company Employees** who have been informed of anti-corruption policies and procedures

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Number of company Employees who were employed as at 31 December 2022 and who have been informed of anti-corruption policies and procedures	4,940	99	109	655
Percentage of employees who have been informed of the company's anti-corruption policies and procedures	100%	100%	100%	100%

**Total number and percentage of Employees** who have received anti-corruption training

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of company Employees (w/o members of governance bodies) as at 31 December 2022	4,940	99	109	655
Number of company Employees who were employed as at 31 December 2022 and who have received anti-corruption training	21	0	12	0
Percentage of Employees who have received anti-corruption training	0%	0%	11%	0%

**Total number and percentage of the company's business partners** who have been informed of anti-corruption policies and procedures

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Number of the company's business partners as at 31 December 2022	1,238*		1	487
Number of entities that were the company's business partners as at 31 December 2022 and have been informed of the company's anti-corruption policies and procedures	1,238*	Not applicable	1	0
Percentage of the company's business partners who have been informed of the organization's anti-corruption policies and procedures	85%		100%	0%

\* i.e. without the corruption incidents that were still under investigation in 2022.



GRI 205-3

In 2022, we have not identified any corruption incident in the LW Bogdanka Group.

GRI 2-15

We also responsibly manage conflict of interest. These issues are defined in our Code of Ethics, which requires employees to keep all business and personal relationships free from any dependence and to disclose it if it occurs.

**BEST PRACTICE**

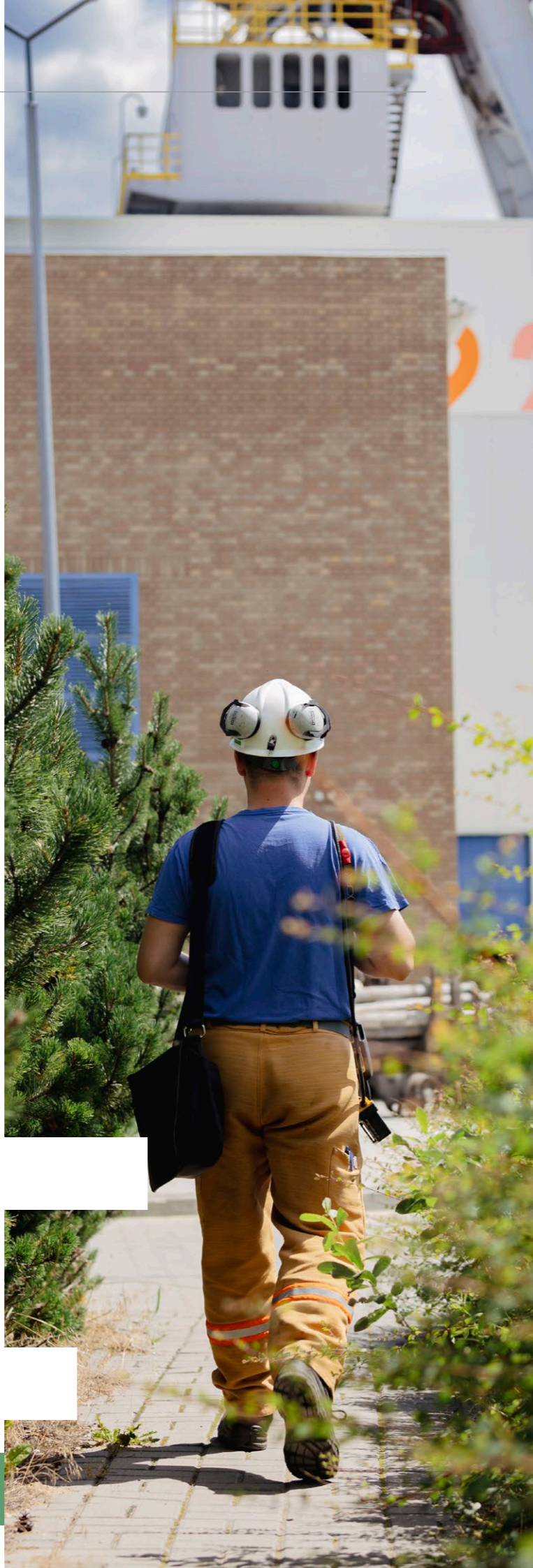
During onboarding training, each new employee is familiarized with the Code of Ethics, receives a copy thereof, and completes a Conflict of Interest Report, which is then submitted to the Management Board Office.

GRI 2-23

GRI 2-27

We pay special attention to ensuring legal security in its internal operations and in its relations with the business environment. We are aware that LW Bogdanka's current market position is the result of diligent attention to the proper application of laws and ethical standards. Compliance with the law and internal regulations is guaranteed by the Compliance Policy, which comprises the Compliance Management System. The Policy ensures compliance of LW Bogdanka's activity in three areas: ethics, law and internal regulations.

We always act in accordance with the law. In all companies, the Code of Ethics clearly points to the obligation to comply with the law, including internal regulations. We also observe all anti-monopoly regulations. In 2022, there were no proceedings pending against any of the Group Companies related to violations in this respect.



# 1.4 RELATIONS WITH STAKEHOLDERS

GRI 2-29

We listen to our stakeholders, but we also want to be heard by them. We build our relationships with our surroundings based on dialogue, partnership and transparency. We learn about expectations and present opportunities. Good stakeholder relationships based on mutual understanding and trust allow us to implement long-term strategies and develop our organization in a sustainable way.

We have created a stakeholder map, categorizing each group according to the level of relationship and impact. We build relationships with each group using a different set of measures and tools to meet their needs and expectations.

**BEST PRACTICE**

In 2022, we prepared a series of about a dozen videos entitled "About Bogdanka" that introduced the viewers to various aspects of operation of our mine. The materials were posted on the Company's official social media channels and were produced together with TVP3 Lublin TV station and the County Office in Łęczna.

In 2022, before we started our work on the integrated report, and as part of the work on the ESG Strategy, we conducted two surveys among external stakeholders. We also organized an employee survey on communication and satisfaction with the work environment through a questionnaire posted on the employee portal.

**BEST PRACTICE**

In 2022, we organized a special "Media Day" for the media, during which journalists went underground, learned about the work of the mine and were able to take photos.

**BEST PRACTICE**

In 2022, we launched a re-designed corporate website and Investor Relations Service, which now presents all Company information, such as the financial statements, reports, corporate news, information on the Company's governing bodies. LW Bogdanka responds to investor queries on an ongoing basis, usually contacting the investor by e-mail or telephone.





## External stakeholders

### Customers

- » Institutional customers
- » Individual customers

Forms of dialogue: ongoing communication, meetings

### Capital market actors

- » Banks
- » Warsaw Stock Exchange

### Suppliers and subcontractors

Forms of dialogue: regular contacts on operational level depending on the current needs, audits

### Society

- » Media
- » Higher education schools and academic employees
- » Technical and sector organisations
- » Government (central) administration
- » Non-governmental organisations
- » Competitors

Forms of dialogue: press releases, interviews, investor relations website, sponsored articles, partnerships, letters of intent, meetings, sponsoring cooperation, donations and CSR activities

## Internal stakeholders

### Shareholders

- » Warsaw Stock Exchange

Forms of conducting dialogue: regular contacts, meetings with representatives of the Management Board, publishing of periodic reports, participation in industry meetings, conferences

### Employees

- » Full-time employees of LW Bogdanka
- » Employees of subsidiaries of LW Bogdanka Group
- » Employees of external companies
- » Trade unions
- » Prospective employees and former employees
- » State Labour Inspection (Państwowa Inspekcja Pracy), Regional Labour Inspectorate (Okręgowy Inspektorat Pracy) in Lublin, Mining Rescue Stations in Jaworzno
- » The Solidary Miners Foundation

Forms of dialogue: mailing, regular meetings with the Management Board, bulletin boards, multimedia boards, Bogdanka company newsletter, Intranet, OSH communication, OSH screens

### Industry regulators

- » Higher Mining Authority (Wyższy Urząd Górniczy) in Lublin
- » Regional Mining Authority (Okręgowy Urząd Górniczy) in Lublin and Mining
- » Chief Research Institute (Główny Instytut Górnictwa)
- » County Building Supervision Inspectorate (Powiatowy Inspektorat Nadzoru Budowlanego) in Łęczna

Forms of dialogue: contacts depending on current needs

### Local communities

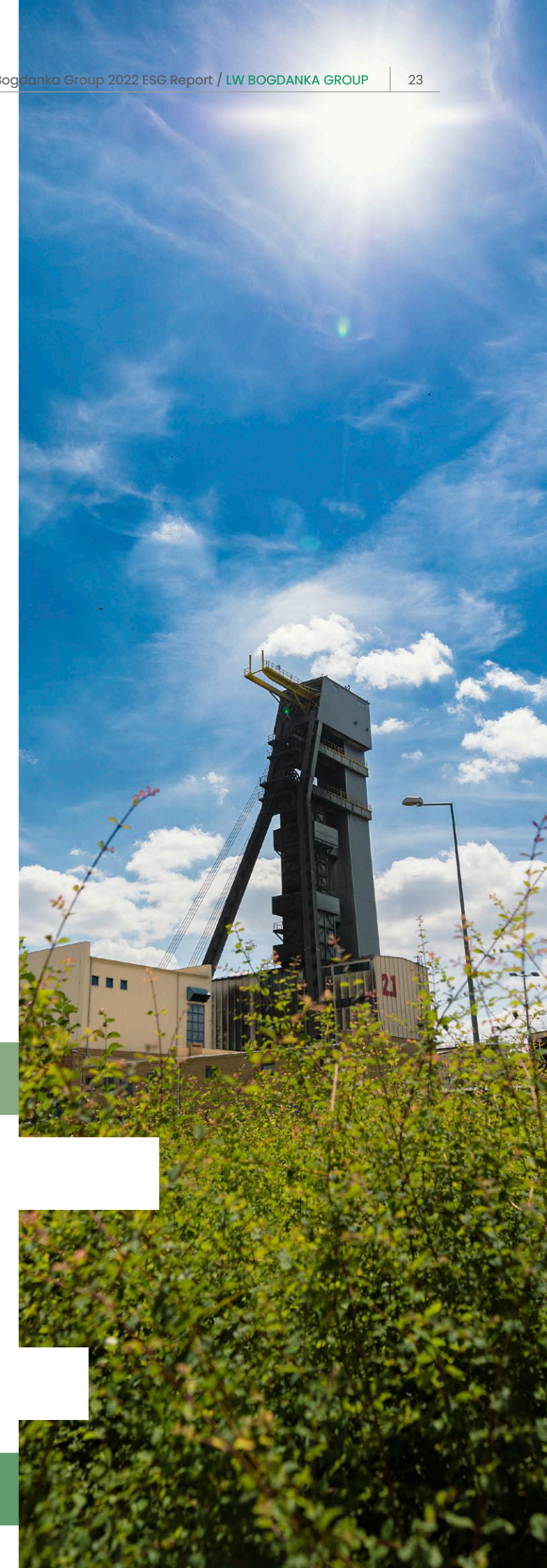
- » Local government administration
- » Local residents
- » Social leaders
- » Local NGOs

Forms of conducting dialogue: regular meetings twice a year with representatives of the public administration, educational initiatives

### Natural environment

- » Environmental organisations
- » Province Environmental Protection Inspector (Wojewódzki Inspektor Ochrony Środowiska) in Lublin
- » Management of the Polesie National Park
- » State Forests (Świdnik Forest District, Parczew Forest District)

Forms of dialogue: contacts depending on current needs, meetings





## 2

ENVIRONMENT  
AND CLIMATE2.1  
CHANGE FOR THE CLIMATE

GRI 3-3

We manage our environmental impact through the Integrated Quality, Environmental and OHS Management System. The system complies with PN-EN ISO 9001:2015 and ISO 45001:2018 standards, among others, and compliance with the standards was confirmed during an audit in 2022. We strictly observe with all environmental regulations, operate only within the limits of our permits and implement BAT (Best Available Technology) requirements.

We report reliably on our environmental impact. We regularly publish Environmental Reports and [Sustainability Reports](#), in which we describe our activities for climate and the environment that are aligned with our strategic commitments, including the sustainable use of spoil tips and utilization of mining waste, support for the local natural environment, and the issue of equitable transition of mining regions.

Environmental risks identified by LW Bogdanka include:

- Risk to the water environment → the risk is mitigated through monitoring, constant oversight, inspections and modernization of installations, and training of employees.
- Failure to adapt the organization to new environmental regulations → the risk is mitigated through monitoring of legal acts being introduced and planned to be introduced and decisions of industry authorities.

**Energy**

We look for solutions that reduce energy consumption but do not compromise the safety of workers, especially those working underground, in any way whatsoever. Ventilation and air-conditioning systems and water drainage pumps are electrical devices; before switching to other solutions, we need to be 100% sure that the proposed more energy-efficient devices offer at least the same efficiency and reliability as the solutions we have used so far. We also take into account – and this affects our entire sector – the need to extract coal from increasingly inaccessible seams, which inherently increases the demand for electricity to power systems that ensure safety.

We only use equipment whose parameters ensure the safety of our employees. For example, LW Bogdanka has installed energy-efficient motors to drive the main fans. We also continue replacing old lighting fixtures with LED lamps. In 2022, we carried out an energy efficiency audit of the underground Water Treatment Plant, modernized the battery banks, the power supply system for Shaft 1.2 and heavy liquid scrubber facilities and the 6kV switching station for Shaft 2.2. We also replaced the 110/kV GSTR transformer and improved the operation of the central air conditioning system in Stefanów.





GRI 302-1

**Energy consumption within LW Bogdanka Group**

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
<b>Consumption of fuel from non-renewable sources in the organization:</b>				
natural gas	0.14 MWh			
motor gasoline	22.69 Mg	No data available		
natural gas	2,109.14 Mg			
<b>Consumption of fuel from renewable sources in the organization</b>	0.00 MWh			
<b>Consumption of electricity</b>	312,056.20 MWh	4,281.28 MWh	511.00 MWh	*
<b>Consumption of heat</b>	40,860.28 MWh			
<b>Electricity reinvoiced</b>	5,297.29 MWh			

\* Electricity consumption is not verified by the Company; it is included in the cost of renting office space and services provided.

**BEST PRACTICE**

In 2022, LW Bogdanka implemented a system that reduces the power consumption of the motors driving the belt conveyors used to transport the winnings in the preparation divisions. When the machine load is low, one of the drive motors is turned off, and when the load increases, the motor is turned on again. The system operates continuously and has no negative impact on the availability of equipment in the mine.

LW Bogdanka combines reducing electricity consumption with ensuring that electricity comes from environmentally friendly sources. In 2022, we commenced the construction of our own 3 MW photovoltaic farm and the appraisal of bids for the construction of cable lines connecting the farm with the production plant.

**BEST PRACTICE**

In 2022, MR Bogdanka purchased energy-efficient inverter-based semi-automatic welding machines to replace transformer-based semi-automatic welding machines.



GRI 3-3

We measure our carbon footprint. In 2022, the multidisciplinary carbon footprint measurement team, in collaboration with an external provider, completed the work related to the development of a methodology to calculate the carbon footprint for all three scopes with reference to the whole Group and selected three products. In addition, we began work to computerize the entire process of collecting data to determine emissions, which will standardize and speed up the measurement of emissions in all three scopes and reduce the uncertainty of the results. These activities are scheduled to be completed in December 2023.

**BEST PRACTICE**

In 2022, Łęczyńska Energetyka replaced the insulation of the district heating network, thereby reducing the emission of the CO<sub>2</sub> equivalent by 120.24 tons annually.

**BEST PRACTICE**

In 2022, we began implementing a smart lighting system, equipping the lamps with light intensity sensors that enable dynamic mixing of daylight and artificial light. The system is expected to reduce electricity consumption by 90% and CO<sub>2</sub> emissions by 93% compared to traditional lighting. We also modernized the PIOAMA 100 conveyors, reducing emissions by providing an alternative means of transporting personnel to the face. As part of the environmental investment projects, we also began work on the adaptation of the INTERMET 1600 conveyors, the modernization of the exterior lighting of the site's train station, and the modernization of the steel structure and façade of one of the buildings, which should result in reduced consumption of electricity and heat.

The Group does not have any unit that produces organized emissions of dust and gases into the air. A fugitive emission unit is the mining waste facility at Bogdanka, which can produce dust emissions on dry and windy days. In order to reduce the emissions, we reclaim the spoil tip and we plant vegetation. Other key sources of emissions in the Group include the boiler house at Łęczyńska Energetyka. Fugitive emissions result also from the combustion of fuels in combustion engines as well as from welding and air conditioning processes.





GRI 305-1 GRI 3-3

**Emissions (Scope 1) within LW Bogdanka Group**

	<b>2022</b>
	in metric tons of CO <sub>2</sub> equivalent
<b>Gross direct (Scope 1) GHG emissions</b>	<b>48,114.80</b>
Gases included in the calculation	
CO <sub>2</sub>	46,191.22
CH <sub>4</sub>	1.02
N <sub>2</sub> O	83.00
HFC	1,839.56
<b>Total</b>	<b>48,114.80</b>
	in metric tons of CO <sub>2</sub> equivalent
<b>Biogenic CO<sub>2</sub> emissions</b>	<b>199.06</b>
<b>Base year for the calculation</b>	<b>2020</b>
<b>Base year emissions (in metric tons of CO<sub>2</sub> equivalent)</b>	<b>45,464.60</b>

GRI 305-2

**Emissions (Scope 2) within LW Bogdanka Group**

	<b>2022</b>
	in metric tons of CO <sub>2</sub> equivalent
<b>Gross location-based indirect (Scope 2) GHG emissions</b>	<b>228,192.11</b>
<b>Gross market-based indirect (Scope 2) GHG emissions</b>	<b>226,013.33</b>
Gases included in the calculation	
CO <sub>2</sub>	226,013.33
<b>Total</b>	<b>226,013.33</b>
	in metric tons of CO <sub>2</sub> equivalent
<b>Base year for the calculation</b>	<b>2020</b>
<b>Base year emissions (in metric tons of CO<sub>2</sub> equivalent)</b>	<b>251,627.52</b>

GRI 305-3

**Emissions (scope 3) within LW Bogdanka Group**

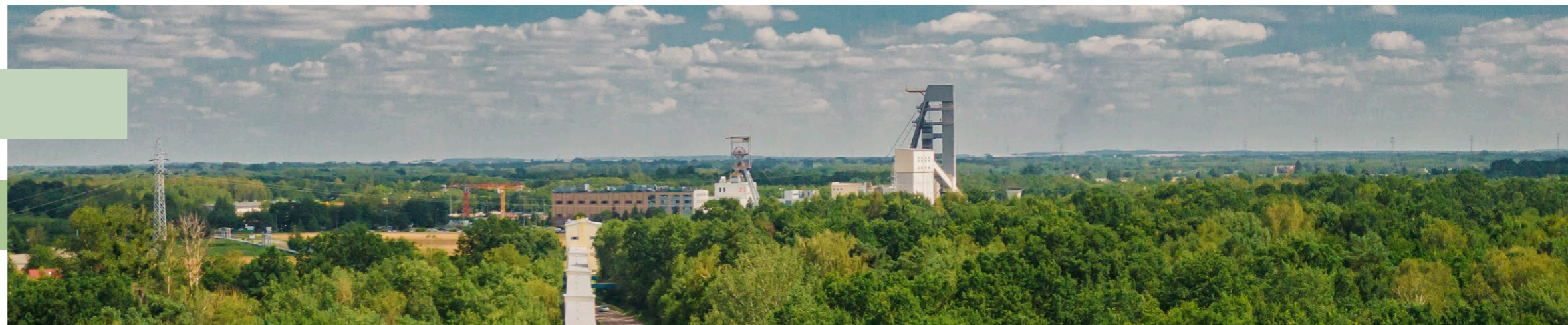
	<b>2022</b>
	in metric tons of CO <sub>2</sub> equivalent
<b>Gross other indirect (Scope 3) GHG emissions</b>	<b>19,176,536.86</b>
<b>Total</b>	<b>19,176,536.86</b>

**Biogenic CO<sub>2</sub> emissions**

	in metric tons of CO <sub>2</sub> equivalent
<b>Biogenic CO<sub>2</sub> emissions</b>	<b>202.30</b>
<b>Base year for the calculation</b>	<b>2020</b>
<b>Base year emissions (in metric tons of CO<sub>2</sub> equivalent)</b>	<b>17,154,625.01*</b>

\* Scope 3 emissions for the base year have been updated based on additional external verification of the methodology for bituminous coal mining processes

The carbon footprint data were prepared on the basis of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol - Corporate Standard), which is the most widely used international carbon footprint calculation methodology. After analyzing all considerations, the Lubelski Węgiel Bogdanka Group selected the capital share method to determine the boundaries of the organization for the purpose of taking an inventory of GHG emissions.





## 2.2 RESPECT FOR NATURE

GRI 304-1

GRI 3-3

We are located next to protected areas. Polesie National Park, Łęczna Lake District Landscape Park, Brzeziczno Reserve, Uściwierskie Lakes and Chełm Protected Landscape Area are located in close proximity to the Group's infrastructure and mining areas. Some of these sites are Natura 2000 areas.

### BEST PRACTICE

As part of the 40th anniversary celebrations, LW Bogdanka, in cooperation with the Foundation for Nature, organized nature education lessons for children from primary schools in Dratów and Nadrybie at the Poleskie Siolo site in the Polesie National Park. This unusual environmental lesson was organized in cooperation with the Polesie National Park.

GRI 304-3

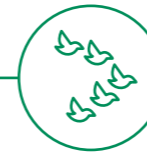
GRI 304-4

Certain ecosystems are exposed to the negative effects of our mining operations. No technology or technical solution available can completely prevent this situation. Nevertheless, we exercise due care to minimize our environmental impact, protect nature and promote biodiversity. We cooperate closely with environmental organizations, including the Lublin-based Foundation for Nature and the Bird Horizons Foundation, always trying to engage in dialog and collaborate rather than fighting with each other. We are proud of our growing list of partner projects and NGOs. In 2022, we initiated or continued together a number of environmental protection programs in the vicinity of our plants:

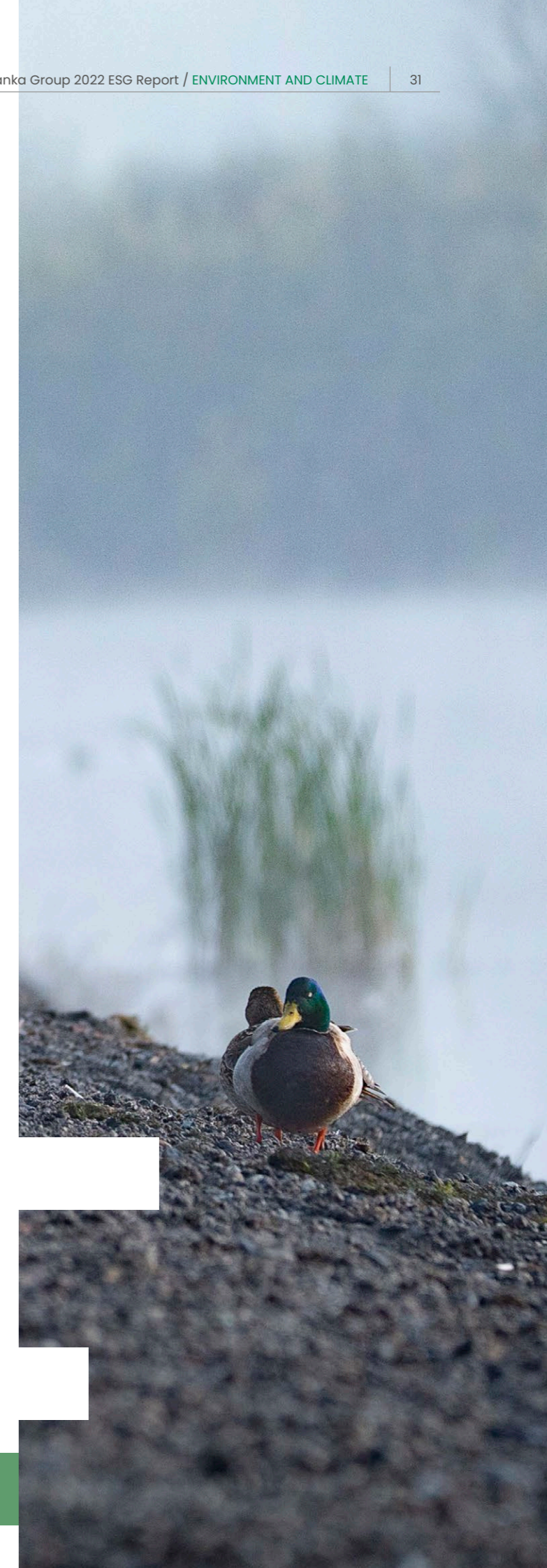
- As part of the "Rare and vanishing animal species of the Lublin Region" program, we launched the protection of the great gray owl in the Polesie National Park. In 2022, we verified the population count, provided nesting boxes and installed a camera at the nest to better understand the birds' habits. Two owls also received rings with GPS/GSM transmitters, which make it possible to track their migration routes.
- The "Wandering of Lublin Cranes" program protects cranes in the Polesie National Park. In 2022, the nesting sites were secured, the chicks were monitored, the online camera was upgraded, and more birds were ringed with GPS/GSM transmitters. We also conducted "crane lessons" for children, using specially prepared handbooks about the birds. Another pilot program included meetings with an online expert featuring a live camera view of a crane habitat.
- The project entitled "Bird Horizons – active protection of endangered bird species in Polesie Lubelskie" protects endangered wading bird species: Eurasian curlew, Black-tailed godwit, Common tern and Little tern in the Polesie Lubelskie region. Thanks to the project, in 2022 three artificial islands for bird nesting were built on the Big Zośka Reservoir in the Polesie National Park.

### BEST PRACTICE

In 2022, we completed the four-year project entitled "Protection of the Peatland Ecosystems of the Łęczyńsko-Włodawskie Lake District" in cooperation with the National Society for the Protection of Birds (OTOP). The aim of the project was to strengthen the migratory corridors of the aquatic warbler: the rarest and only passerine species that is endangered globally. Thanks to the joint efforts by the Group's representatives and OTOP experts, it was possible, among other things, to prepare applications for environmental permits, sign contracts with the owners of the lands containing aquatic warbler's habitats, carry out bird monitoring, and prepare a promotion of the activities in the specialist media and in the social media.



In the Natura 2000 area near the Nadrybie post-mining water basin, we have created a two-kilometer long Nadrybie Nature Trail. The trail is home to 34 species of butterflies, 26 species of dragonflies, 9 species of amphibians, 4 species of reptiles, 72 species of birds and 9 species of mammals.





## 2.3 RESOURCES USED

### Waste and raw materials

GRI 306-1

GRI 306-2

GRI 3-3

LW Bogdanka produces large amounts of mining waste. About half of it is recovered: it is used for land reclamation, for hard surfaces of roads and yards, and for cement production in the "Ożarów" Cement Plant. In 2022, LW Bogdanka managed over 2.32 million tons of waste in this way, mostly for reclamation works. This process consists of restoring the original relief of the terrain by filling it with mining waste and then covering it with soil and introducing agriculture or planting trees there.

The remaining waste, called waste rock, is stored at the mining waste facility in Bogdanka, or plainly speaking on a spoil tip. In 2022, on the basis of the relevant building permit, LW Bogdanka has carried out works to increase the height of the current spoil tip to 250 meters above sea level and to expand its eastern part. Importantly, its further expansion is planned and the Company has already taken steps to obtain permits to acquire of additional adjacent land. At the same time we have intensified exploration and research into the economic use of the waste rock so that it does not remain on the spoil tip.

#### BEST PRACTICE

In 2022, we signed an agreement with the CZH Group on cooperation in the recovery of coal from spoil tips. Harnessing the potential of spoil tips and the coal and other materials accumulated in them is intended as a form of diversification of raw material sources.

The remaining waste at LW Bogdanka consists mainly of post-mining materials. The reusable waste, such as wood, used oil, scrap metal, or conveyor belt chips, is intended for recycling. The remaining waste, such as used light sources, adhesive and paint packaging, is neutralized.

#### BEST PRACTICE

In 2022 LW Bogdanka worked with the Central Mining Institute to carry out research & development work on the sustainable use of spoil tips. The acquired knowledge will allow the Company to implement more effective activities related to the circular economy, including to maximize the management of waste rock as a by-product of coal production, and to identify ways to optimize the use and long-term management of post-mining sites. Potential uses for the spoil tips include: the construction of renewable energy installations such as photovoltaic panels or wind turbines. The Company stakeholders recommend that the spoil tip should be used for tourism and recreation use.

The reduction of LW Bogdanka's waste generation is based, among others, on the purchase of appropriate machinery and equipment and on their rational use by employees. The Company does not make purchases "to stock up", which may result in the expiration of reagents, adhesives and lubricants.

Mining waste with a grain size of 20–50 mm is considered a by-product and is used for cement production. In 2022, we also made semi-industrial tests of using Carboniferous shale in the ceramics industry as an additive for ceramic construction compounds. The use of this material had a positive effect on the strength parameters of the ceramic products.

Waste in RG Bogdanka is mainly post-mining materials: scrap metal, oils, sorbents, waste paper, and plastics. All waste is intended for reuse, recycling or disposal. At MR Bogdanka, empty packaging is collected by specialized external companies. The Company also reuses some packaging, such as wooden pallets, and optimizes its purchasing processes in terms of the quantity of packaging. The main purchasing categories, such as steel products, are not packaged before delivery to the Company.

GRI 306-3

### Waste generated in the LW Bogdanka Group

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
<b>Hazardous waste [Mg]</b>	<b>242.94</b>	<b>0.76</b>	<b>0.55</b>	<b>1.07</b>
<b>Non-hazardous waste [Mg]</b>	<b>4,808,592.28</b>	<b>2,949.35</b>	Municipal waste: <b>28.44</b> Other waste: <b>209.53</b>	<b>6.91</b>

GRI 301-1

### Raw materials used at LW Bogdanka

	Weight [t]
<b>Associated process materials</b> (materials that are needed for the production process but are not part of the final product)	
Lubricants for production machinery	<b>26,888.65</b>
Other process materials	
Oils	<b>272.71</b>
Fire-retardant hydraulic fluid	<b>278.36</b>

### Raw materials used at Łęczyńska Energetyka

	Weight [t]	Volume [m <sup>3</sup> ]
Fine coal	<b>17,201.76</b>	<b>20,642.11</b>



## Raw materials used at MR Bogdanka

	Weight [t]	Volume [m <sup>3</sup> ]
<b>Non-renewable materials/raw materials</b>		
Wood	–	<b>2.50</b>
Other raw materials		
Industrial gases	–	<b>13,909.00</b>
Acetylene	<b>1.40</b>	–
Lubricants for production machinery	<b>0.11</b>	–
Other process materials		
Oils for production machinery	–	<b>0.84</b>
Welding rods	<b>27.60</b>	–
Paints, varnishes and lacquers, solvents	–	<b>7.06</b>
Corrugated board	<b>0.05</b>	–
Plastics (stretch wrap)	<b>0.16</b>	–
Polyester tape	<b>0.09</b>	–
<b>Non-renewable materials and raw materials used</b>	<b>29.41</b>	<b>13,919.40</b>
S235JR, S355J2 grade steel products	<b>555.07</b>	–
<b>Renewable materials and raw materials used</b>	<b>555.07</b>	<b>0.00</b>

## Water management

GRI 303-4

GRI 3-3

The coal mining process at LW Bogdanka requires mine water from the mine drainage system to be pumped out. To ensure retention and pre-treatment, the mine water is discharged into a sealed artificial mine water reservoir, from which it is discharged into the Świnka river through a system of discharge ditches. In 2022, approx. 16.5 thousand m<sup>3</sup> of mine water was discharged daily. The average content of chloride and sulfate in the discharged mine water is 999 mg/dm<sup>3</sup>.

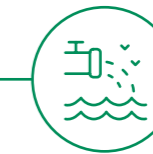
Part of the mine water is reused for firefighting, air conditioning and production purposes in the mine. In addition, we use the mine water for the preparation of the winnings at the coal mechanical processing plant and for process purposes at Łęczyńska Energetyka. This allows us to reduce the amount of groundwater withdrawal and of water discharge.

The water permit determines the method of water management in a mining area by specifying the rules of water use, the frequency of monitoring and the parameters of the discharged water.

Łęczyńska Energetyka uses water supply wells located in the Bogdanka, Stefanów and Nadrybie fields. Water is discharged in accordance with the valid permits. In the Bogdanka field, a Water Treatment Plant has been in operation for several years now, where mine water is treated to produce drinking and

process water. These measures significantly reduce the consumption of natural resources and are in line with the European Union's climate policy.

MR Bogdanka uses the water of Łęczyńska Energetyka and discharges its wastewater, which is also received by Łęczyńska Energetyka, to the sewerage system.



GRI 303-2

The quality of wastewater in the LW Bogdanka Group is specified in the water permits for each company. LW Bogdanka's wastewater is analyzed by an accredited laboratory.





GRI 303-3

GRI 3-3

### Water withdrawal by LW Bogdanka Group

Water withdrawal by source and type at your Company	LW Bogdanka Group		LW Bogdanka	
	From all areas [Ml]	From areas with water shortages [Ml]	From all areas [Ml]	From areas with water shortages [Ml]
<b>Surface water</b>				
Low mineralized water (total minerals less than 1,000 mg/l)	2.32	0.00	0.00	0.00
Other water (total minerals above 1,000 mg/l)	0.00	0.00	0.00	0.00
<b>Groundwater</b>				
Low mineralized water (total minerals less than 1,000 mg/l)	0.00	0.00	0.00	0.00
Other water (total minerals above 1,000 mg/l)	8,977.98	0.00	8,862.93	0.00
<b>Seawater</b>				
Low mineralized water (total minerals less than 1,000 mg/l)	0.00	0.00	0.00	0.00
Other water (total minerals above 1,000 mg/l)	0.00	0.00	0.00	0.00
<b>Produced water</b>				
Low mineralized water (total minerals less than 1,000 mg/l)	0.00	0.00	0.00	0.00
Other water (total minerals above 1,000 mg/l)	0.00	0.00	0.00	0.00
<b>Third-party water</b>				
Low mineralized water (total minerals less than 1,000 mg/l)	0.00	0.00	0.00	0.00
Other water (total minerals above 1,000 mg/l)	2,826.15	0.00	0.00	0.00
<b>Third-party water</b>	Surface water	0.00	0.00	0.00
	Groundwater	67.03	0.00	67.03
	Seawater	0.00	0.00	0.00
	Produced water	1.05	0.00	0.00
<b>Total withdrawal of third-party water</b>	<b>68.08</b>	<b>0.00</b>	<b>67.03</b>	<b>0.00</b>
<b>Total water withdrawal (surface water, groundwater, seawater, produced water, third-party water)</b>	<b>11,874.53</b>	<b>0.00</b>	<b>8,929.96</b>	<b>0.00</b>

Water withdrawal is not verified by RG Bogdanka, and therefore it is not included in the table above. Water withdrawal is included in the cost of renting office space and commissioned services.





# 3 PEOPLE



## 3.1 SAFE WORKPLACE

GRI 3-3

Coal mining is our primary activity. This work involves risks and is susceptible to geological phenomena that are not always under human control. Due to the nature of LW Bogdanka's business, employees working in the mine, especially underground, are exposed to a number of natural hazards and technical risks. OHS risks are identified and safety issues are a priority in all decisions we make: we provide the safest possible working conditions through education, high technologies, and by building a culture of safety.

### BEST PRACTICE

In 2022, we launched an analysis of the possibility of adapting the suspended electric locomotives in our mine. Their introduction will reduce the exhaust fume emissions and enhance protection of employees from exposure to carcinogens or mutagens at work.

GRI 403-1

All our companies comply with the laws in the field of occupational health and safety. Occupational health and safety management issues at the parent company are part of the Integrated Quality, Environmental and OHS Management System. The occupational health and safety management procedures conform to the ISO 45001:2018 standard. These issues are also considered in the Integrated Corporate Risk Management System. The management systems that are in place are updated on the basis of, among others, an analysis of accidents and incidents at work.

### BEST PRACTICE

LW Bogdanka has introduced the obligation to test materials and fixed assets for safety in production conditions before they are purchased and implemented. The Company does not just rely on the manufacturers' and suppliers' declarations, but also carries out its own additional assessments. In the case of personal protective equipment or clothing, employee representatives are involved in the testing and evaluation process. Employees have a significant influence on purchasing decisions.

GRI 2-23

The Company has introduced numerous safety policies, instructions and guidelines that are strictly enforced and apply to every employee. We make sure that our employees are not only aware of them, but more importantly, know that following them can save their own and their colleagues' health and lives. The formal framework of our safety system consists in particular of the following procedures:

- Mine Safety Document
- Accidents at work and other OHS incidents
- Accidents on the way to or from work
- Management of occupational risk
- Monitoring of the OHS area
- Highly hazardous work



- Monitoring the work environment
- Labor Regulations
- Guidelines and instructions of the Integrated Quality, Environmental and OHS Management System
- Internal Collective Bargaining Agreement



**PRIORITIES IN THE AREA OF OCCUPATIONAL HEALTH AND SAFETY AT LW BOGDANKA IN 2022:**

- decrease the number of accidents at work
- raise the standards of personal protective equipment
- protect employees from harmful substances in the work environment
- continue to improve communication with the staff and accessibility of documents required at workplaces



**Selected initiatives in the area of occupational health and safety at LW Bogdanka in 2022:**

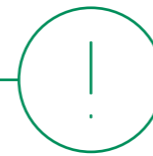
- Continuation of cooperation with the Medical University of Lublin – the Medical Simulation Center. Experts from the University delivered specialist training in the first aid for LW Bogdanka’s paramedics and supervisors.
- Preparing and showing films on screens in crew assembly places, of films reconstructing accidents at work and presenting methods of correct performance of actions to prevent accidents.
- Organization of Safety Days, during which the rescue of a person trapped when working at height was staged and effective methods of extinguishing fires were presented.
- Annual OHS knowledge contest for employees.
- Informational campaigns on harmful substances in the work environment and the use of personal protective equipment.
- Organization of Days for Health, during which employees had the opportunity to undergo specialist medical tests.
- Preparation of a guide for external companies working in the plant, presenting the most important information on the hazards present, the obligation to use personal protective equipment, and the methods of movement.

GRI 403-5

Every LW Bogdanka employee was trained in the field of occupational health and safety, including initial and specialist training. Basic orientation training is delivered also to apprentices, trainees and students of vocational schools participating in practical vocational training before they are authorized to work in the mine.

Workplace-specific safety training is designed to familiarize employees with the hazards inherent at their workplaces and with the occupational risk, the methods of protection from hazards that might be caused by these factors, and the methods of safe work. This training is conducted before an employee is authorized to work at a particular workplace.

The goal of the training is to update, supplement and consolidate knowledge and skills. In particular, the training covers natural hazards and methods of protection, as well as how to act in the event of an accident, and new technical and organizational solutions. Employees who work underground and those who perform particularly dangerous surface work undergo work safety training every year. Other manual workers on the surface: every three years. Every five years, training is mandatory for managers of surface and underground mine personnel, engineering and technical personnel, and for OHS service personnel. Administration and office employees receive OHS training every 6 years.



At LW Bogdanka, comprehensive mine rescue training is conducted on a regular basis.

Intensive workplace inspections were carried out over the whole year at LW Bogdanka. They checked whether employees performed their work in accordance with the applicable documentation and under appropriate conditions. OHS experts also held conversations with employees to raise their awareness of the application

of safe work methods, the use of appropriate personal protective equipment, and possible liability in the event of a work-related accident, a breakdown or a near-accident.

**BEST PRACTICE**

GRI 403-7

In 2021, LW Bogdanka prepared new instructions for external contractors. It included an obligation to prepare a Safe Working Instruction and supply it before subcontractors commence their work. The instruction includes a description of the work to be performed, information on the area, the hazards, the preventive measures and the manner of protection of workplaces.

In 2022, an external audit was carried out and a positive score was achieved as regards a certificate for an Integrated Management System, including the OHS standard: ISO 45001:2018.

GRI 403-2

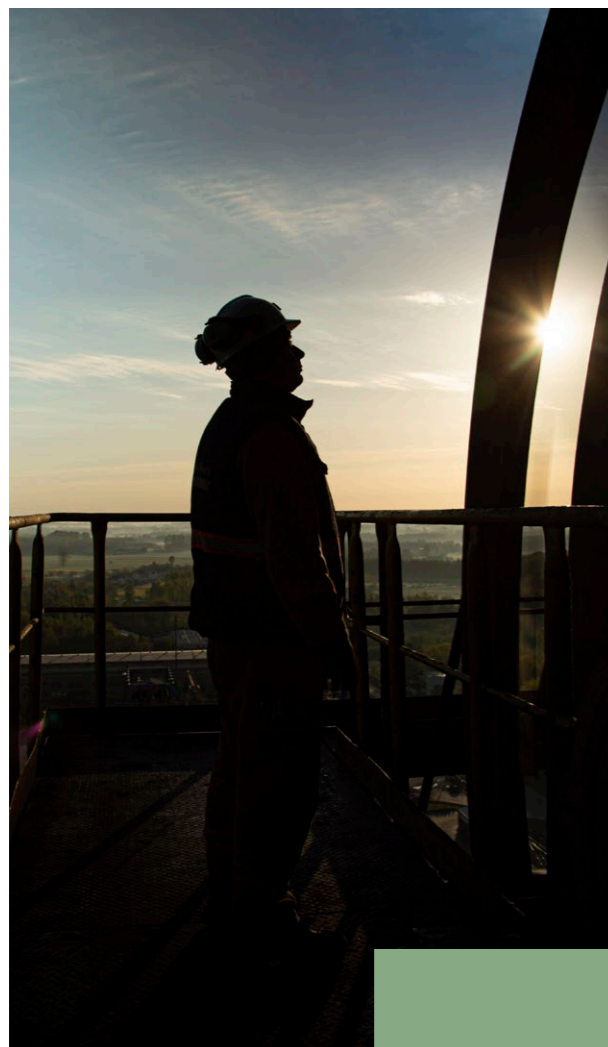
Work-related hazards are identified and occupational risk is assessed at the Company. The quality of these processes is ensured by inspections of workplaces performed above all by the OHP personnel and by measurements, tests and analyses of work environment parameters. Every employee can report a near-accident event and is obliged to report a work-related accident immediately. Pursuant to the Labor Code, employees have the right to refrain from performing a task when the working conditions do not comply with the OHS regulations and pose an immediate hazard to health or life. The relevant provisions in this regard are included in instructions, technologies and internal documentations of the Company and in the Labor Regulations. Employees who refrain from work for safety reasons are not liable to any consequences or repressions.



GRI 403-3

Our OHS service employees monitor the state of occupational health and safety on an ongoing basis in each of our Group Companies. The employees are informed about any shortcomings that are detected and recommendations are given to remedy these shortcomings. During the inspections, conversations are held with the employees to raise their awareness as to hazards and to explain causes of accidents at work and their possible influence on the employee health.

Instructions and occupational risk assessment cards are consulted with employee representatives at LW Bogdanka. Employees of external companies can make comments to the instructions and technologies applicable at the Company. The post-accident team includes also the Social Labor Inspector, their deputy, and branch social labor inspectors, who participate also in the periodic analysis of incidents.



**BEST PRACTICE**

GRI 403-7

In order to reduce the number of accidents, LW Bogdanka is re-analyzing certain production processes in order to introduce elements of automation and mechanization that will increase work safety. The best example is the use of machines in the process of liquidating roadways and pulling out roof supports. The use of machinery in the process eliminated a job that was directly exposed to hazards, including falling rock masses and rocks. This means that the use of modern machines and equipment in underground mining not only increases efficiency but also reduces the number of people assigned to dangerous locations. An important role is played by the use of sprinkler systems in mining machinery and coal haulage lines, which not only eliminates the danger of a coal dust explosions, but also reduces the concentration of harmful dust in the air in the mine workings. This activity is related to the prevention of respiratory tract diseases by eliminating the potential risk of developing an occupational disease – pneumoconiosis.

The Company has established a dedicated OHS Committee composed of employer representatives, including OHS service employees and an occupational physician, and employee representatives, including an Internal Social Labor Inspector. The Committee’s tasks include reviewing the working conditions, periodically assessing the status of occupational health and safety, giving opinions on the measures to prevent workplace accidents and occupational diseases, and preparing conclusions on improving working conditions. The Committee’s meetings are held at least once quarterly.

**BEST PRACTICE**

GRI 403-4

Representatives from the RG Bogdanka staff have been appointed to actively participate in the preparation, introduction and updating of, among others, safe work procedures, instructions for the use of machinery and equipment, and occupational risk assessments. Employees are familiarized with relevant information on an ongoing basis, in particular by posting such information in written or graphic form in generally accessible places.

LW Bogdanka prepares occupational risk assessment cards for each workplace, which identify the hazards related to the work performed. In addition, hazards are described in the Safety Document, instructions and documentation of the technologies used to perform work. Preventive measures are included in the occupational risk assessment cards prepared for each workplace. These cards are updated on an ongoing basis in accordance with the internal procedure.

GRI 403-9

**Number of accidents at LW Bogdanka**

	2022	2021	2020
Number of fatal work-related accidents <sup>2</sup>	1	0	0
Number of severe work-related accidents <sup>3</sup>	0	0	0
Number of minor work-related accidents <sup>4</sup>	66	68	79
Number of serious work-related accidents <sup>5</sup> , excluding fatalities	0	0	0
Number of recordable work-related accidents <sup>6</sup> , including fatalities	67	68	79

If a work-related accident occurs, each LW Bogdanka Group company determines the circumstances and the course of the event in accordance with the procedures. Accidents in mining are discussed during briefings.

In 2022, a fatal accident happened to one of the employees in the mine. It was caused by gravitational subsidence of the winnings inside a retention reservoir, which led to dynamic loading of the structural components of the hopper cone, and, as a consequence, to tearing of a piece of the reservoir’s plating. The effect was huge amounts of hydrated

<sup>2</sup> A fatal accident is an accident resulting in death of the injured person within 6 months of the accident.

<sup>3</sup> A severe accident is an accident resulting in grievous bodily harm, such as: Loss of sight, hearing, speech, ability to reproduce, or any other bodily injury or health impairment that affects the major functions of the body, as well as incurable or life-threatening disease, permanent mental illness, total or partial inability to work, or permanent, significant disfigurement or deformity of the body.

<sup>4</sup> A minor accident is an accident which does not result in inability to work for a period longer than 28 days.

<sup>5</sup> A serious accident is an accident that results in a fatality or an injury from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within 6 months.

<sup>6</sup> A recordable accident is an accident resulting in one of the following: death; days away from work; restricted work or transfer to another job; medical treatment beyond first aid; loss of consciousness; significant injury or ill health diagnosed by a physician or other licensed healthcare professional even if none of the other mentioned consequences occurred.



winnings getting out. The Company immediately took measures to minimize the risk of similar situations in the future: the retention reservoir service stations were reconstructed and equipped with video surveillance. Moreover, the relevant instructions and occupational risk assessments were updated.

**BEST PRACTICE**

GRI 403-2

RG Bogdanka has introduced the so-called Control Hierarchy, which is a systematic approach to improving occupational health and safety, eliminating hazards and minimizing risk. The Hierarchy aims to protect employees by putting together the methods by which the hazards can be controlled. Each successive control in the hierarchy is considered less effective than the previous one. The priority is to eliminate the hazard fully.

Łęczyńska Energetyka recorded one severe accident in 2022. The most significant occupational risks in the Company include, in particular, work at heights, work in confined spaces, and work involving the use of hazardous chemicals. No accidents were recorded in connection with these hazards in 2022.

MR Bogdanka did not record any accidents in 2022. The identified hazards at the company are work at heights, work in the shot blasting plant and in the paint shop.

4 minor accidents were recorded at RG Bogdanka. Hazards related to the work in the Company are included in the occupational risk assessment cards. These include, among others: contact with moving parts of machinery and equipment, rocks falling from the roof or the side wall, tripping, slipping, falling, being struck by or contact with transported objects. For each hazard identified, preventive measures to be applied to mitigate or eliminate the occupational risk are indicated in the occupational risk assessment card.



**Total time worked by the employees**

	2022	2021	2020
LW Bogdanka	7,573,346	7,660,096	7,666,477
MR Bogdanka	166,048	129,859	136,940
RG Bogdanka	1,067,496	1,119,844	914,437
Łęczyńska Energetyka	161,662	158,246	163,872

**The total time worked by Non-Employees whose work or workplace was controlled by the Company**

	2022	2021	2020
LW Bogdanka	4,081,872	4,088,504	4,271,445
MR Bogdanka	379	1520	1507
RG Bogdanka	NDA	NDA	NDA
Łęczyńska Energetyka	3448	3122	3347

GRI 403-8

**Persons covered by the OHS management system (LW Bogdanka) in 2022**

Number of the Company's Employees covered by the OHS management system	4940	Number of the Company's Non-Employees whose work or workplace is controlled by the Company, covered by its OHS management system	2942
Percentage of the Company's Employees covered by the OHS management system	100%	Percentage of the Company's Non-Employees whose work or workplace is controlled by the Company, covered by its OHS management system	100%
Percentage of the Company's Employees covered by the OHS management system that has been audited internally	100%	Percentage of the Company's Non-Employees whose work or workplace is controlled by the Company, covered by its OHS management system that has been audited internally	100%
Percentage of the Company's Employees covered by the OHS management system that has been audited or certified by a third party institution	100%	Percentage of the Company's Non-Employees whose work or workplace is controlled by the Company, covered by its OHS management system that has been audited or certified by a third party institution	100%



## 3.2 ENGAGED EMPLOYEES

GRI 3-3

We engage our Group's Employees in helping and committing to the local community. For a few years now, LW Bogdanka has been implementing the Bogdanka Socially Committed program enabling Employees to obtain subsidies for initiatives that are important for them and the local community. In 2022, 34 requests were submitted.



### CATCH YOUR BREATH - YOGA IN THE PARK

is weekly meetings of residents of Łęczna and its surrounding areas to practice yoga in the local park. The classes were attended, on average, by around 20 persons eager to learn how to relax and breathe properly. The classes were fully financed by LW Bogdanka and the meetings, apart from bringing health benefits, became a motivation to use the Łęczna green areas.



### SUPPORT FOR VOLUNTEER FIRE DEPARTMENTS

purchases for locally operating VFDs the comrades of which are often Employees of the Company. The support provided by LW Bogdanka in 2022 permitted the purchase of, among others, foam water nozzle, dielectric pike pole and backpack fire pump.



### A DAY WITH THE CULTURE, MUSIC AND CUISINE OF LATIN AMERICA

was organized by inhabitants of Ludwin Municipality, who returned from their six-month trip around South America and the Caribbean. The travelers told the local children interesting stories about their expedition: a video and slide show was combined with a salsa dance class and preparation of a meal based on ingredients typical of the exotic cuisine. There was also a contest with gifts made by Indians from Peru as awards.

Extra-professional passions of the Group's Employees are supported by the Active in Bogdanka program. In 2022, our Employees submitted 54 requests, which enabled them to develop their interests. The winners included, among others, a music band singer, a lifeguard, classical car and motorcycle renovators, a sculptor, a clockmaker, a beekeeper and a seeker of local historical memorabilia. Aid was received also by local organizations and associations, such as e.g. the Association of Sports Enthusiasts "Maratończyk," Folk Sports Club „Wodnik” and Municipal Sports Club "Ogniwo" Wierzbica.

We are also proud to help Employees organize aid campaigns. In 2022, nearly 80 bags full of plastic bottle tops were delivered to the Little Prince Hospice for Children. Special containers for them were distributed over three mining fields and the funds raised from selling the tops are transferred to families of children suffering from cancer through the Hospice. The #ZałogaCzarusia campaign was also organized on the initiative of Employees: the nominated people or institutions took pictures of their "crews" and paid an amount of their choosing for treatment of one of our Employee's son. The nominated people and institutions had 48 hours to perform the task and designate other people or institutions: LW Bogdanka nominated the Puchaczów Municipal Office and the photos were published on Facebook. At the request of one of our Employees, volunteers organized also a fundraising event for the treatment of a girl with a heart condition, whose family has been associated with the mine for generations. The remaining amount needed for a surgery in the USA was raised over a few hours. On the initiative of Employees, four charity auctions for children were also held.

We also encourage our Employees to join employee volunteering. The 2022 initiatives focused on activities for the Solidary with Ukraine campaign. With the support from the corporate foundation, Employees arranged for collections of donations, helped transport them and supported refugees in their day-to-day affairs and contacts with offices. On several occasions, LW Bogdanka's volunteers went also to the border in Dorohusk, where they assisted the services. Overall, there were 100 Employees engaged over five months of actions and the group was joined also by around 30 students-apprentices from schools in Łęczna and Ostrów Lubelski.

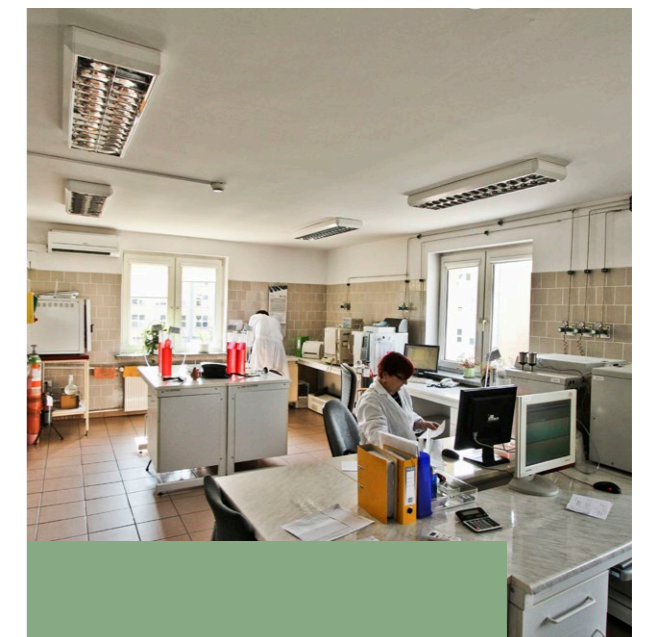
The Zdzisław Gola PCK Honorary Blood Donor Club has been operating at LW Bogdanka for over 40 years and mobile blood collection points are located by the Company's office on a regular basis. In 2022, 115 Employees donated blood.

### BEST PRACTICE

Every year, our experts respond to universities' inquiries about the skills desired in the labor market. The Company's Employees share their knowledge and experience with the prospective staff, including by running classes in trade high schools. Visits paid to kindergarten children on the occasion of the Miner's Day have also become a tradition.

### BEST PRACTICE

Participants of occupational therapy workshops in Janowica have organized a fair in the premises of LW Bogdanka in the run-up to Easter and Christmas for many years. This is when Employees prepare a spot where decorations and small gifts can be purchased in the pithead building. The funds raised during the event are donated to the organization's statutory activities.





### 3.3 BEST EXPERTS

GRI 3-3

The LW Bogdanka Group is one of the biggest employers in the Lublin region. We employ almost six thousand people, a vast majority of whom come from Łęczna County and its surrounding areas, i.e. within 50 km from Bogdanka. Naturally, we are strongly attached to the region and its inhabitants. We offer attractive jobs, opportunities to develop in the organization and a rich social package. Our desire is to build a close-knit team with our Employees, where people are committed to work and aware of the challenges, opportunities and possibilities faced by our organization. Employees are perceived as one of our crucial assets conditioning our sustainable development. We are happy about their professional ambitions and assure that they continuously improve their professional qualifications and interpersonal skills and are effectively motivated.

GRI 2-8

Our impact on the region is not only through direct employment. We collaborate with numerous small and medium local enterprises for which we are often the largest and key customer. Such businesses often provide end-to-end specialized services to the mining industry but also pursue non-mining activities, such as catering or communication. We enable these enterprises to develop and employ personnel, who – together with our Group’s Employees – form a community of around 20 thousand people.

GRI 2-23

GRI 2-30

Our guiding principles in relationships with the personnel of LW Bogdanka are clear, comprehensible and known to all Employees. 100% of LW Bogdanka’s Employees were covered by the collective bargaining agreement in 2022<sup>7</sup>. We follow procedures and policies, the most essential of which are provided in the following documents:

-  Labor Regulations
-  Company Collective Bargaining Agreement
-  Rules and Regulations of the Company Social Benefit Fund
-  Policy of conduct in the process of employee recruitment and selection for production positions and for managerial and specialist positions
-  Code of Ethics
-  Compliance Policy
-  ESG Strategy
-  Whistleblowing Policy
-  Policy of conduct with regard to development programs

GRI 404-3

GRI 3-3

We evaluate the work performed by all our Employees on an ongoing basis every month. The appraisal of the senior management staff is reflected by a lump-sum monthly remuneration, whereas other Employees – by a monthly regulatory bonus.

#### BEST PRACTICE

Seven additional protocols to the Company Collective Bargaining Agreement were signed at LW Bogdanka in 2022. The major amendments concerned new principles of awarding bonuses, updating base remuneration rates and allowances.

Our Employees’ voices and opinions are highly valued. We support the possibility to associate and wish to base our relationships with trade unions on dialog and mutual understanding of standpoints, needs and expectations. There is a Team dedicated to negotiations with the trade unions at LW Bogdanka. In 2022, there were six trade union organizations in the Group. Four of them operated at LW Bogdanka, namely:

“Solidarność” Independent Self-Governing Trade Union, which associates **889 individuals**,

Trade Union of Miners in Poland, which associates **1409 individuals**,

“Kadra” Trade Union, which associates **372 individuals**,

“Przeróbka” Trade Union, which associates **482 individuals**.

Overall, 3152 Employees, i.e. 63.8% of the Company’s total workforce, were members of trade union organizations.

#### BEST PRACTICE

Evaluations and opinion polls are also conducted among employees on key projects and initiatives. At LW Bogdanka, for example, satisfaction surveys were conducted in 2022 on the introduction of the bonus system and the Mining Leaders Academy. The results showed that the projects were well received by the respondents.

We are close to our Employees and want each of them to know that they can share their doubts or questions related to work with us. The Group HR staff are consulted in person or via telephone by a few dozen people every day. They are contacted also by e-mail or Persona, our internal system.

Employees can also use the Employee Portal and the internal Bogdanka OnLine Facebook group, where we publish current information about employee affairs. We also release Bogdanka News, a quarterly newspaper, and created the Company’s official account on Twitter in 2022.

#### BEST PRACTICE

A mobile application, mobiBogdanka, has been in operation since 2022. It is a channel dedicated to employees, which, for example, allows them to receive current information about company events and provides a convenient way to submit employee requests.

<sup>7</sup> The collective bargaining agreement does not cover Employees of Łęcznińska Energetyka, MR Bogdanka and RG Bogdanka



GRI 401-2 | GRI 3-3

We offer a rich package of fringe benefits to our Group's Employees, regardless of the type and work time basis. The most important benefits of this type, subsidized from the Social Benefit Fund, include:

- social allowances
- co-financing of holidays for Employees and their families
- sporting facility subscriptions
- events for employees
- tickets for cultural events
- co-financing of kindergarten for Employees' children
- proprietary programs, such as "Active in Bogdanka" or "Bogdanka Socially Committed."



**IN 2022, WE ALLOCATED NEARLY PLN 26 MILLION TO THE COMPANY EMPLOYEE BENEFIT FUND AT LW BOGDANKA.**

The largest group of people, i.e. over 71%, in our organization is the Employees working underground. Like in the entire global mining industry, for natural reasons, the majority of Employees in the LW Bogdanka Group are men. In 2022, there was a slight increase in the Group's headcount, by 0.7%. The largest increase in the number of Employees was recorded at LW Bogdanka.



GRI 2-7 | GRI 3-3

**Employees in the LW Bogdanka Group**

	LW Bogdanka			Łęczyńska Energetyka		
	Men	Women	Sum	Men	Women	Sum
<30 years	480	34	514	4	0	4
30-50 years	3,657	156	3813	30	8	38
>50 years	503	110	613	54	3	57
Open-ended contract	4,322	228	4,550	81	10	91
Other contracts	318	72	390	7	1	8
Full time	4,637	299	4,936	85	11	96
Part time	3	1	4	3	0	3
Senior management staff working under employment contracts	0	0	0	0	0	0
Senior management staff working under contracts other than employment contracts	11	2	13	1	0	1
Directors working under employment contracts	13	1	14	2	0	2
Directors working under contracts other than employment contracts	0	0	0	0	0	0
Junior management staff working under employment contracts	159	6	165	5	0	5
Other administrative non-management staff working under employment contracts	526	209	735	23	0	23
Other operational non-management staff working under employment contracts	3,942	84	4,026	69	0	69
<b>Sum*</b>	<b>4,640</b>	<b>300</b>	<b>4,940</b>	<b>88</b>	<b>11</b>	<b>99</b>

\* The sum does not include the senior management staff working under contracts other than employment contracts.



	MR Bogdanka			RG Bogdanka		
	Men	Women	Sum	Men	Women	Sum
<30 years	9	1	10	265	4	269
30–50 years	37	20	57	370	11	381
>50 years	29	13	42	19	0	19
Open-ended contract	58	3	61	277	5	282
Other contracts	17	31	48	377	10	387
Full time	74	34	108	653	14	667
Part time	1	0	1	1	1	2
Senior management staff working under employment contracts	0	0	0	0	0	0
Senior management staff working under contracts other than employment contracts	1	0	1	1	0	1
Directors working under employment contracts	1	0	1	1	0	1
Directors working under contracts other than employment contracts	0	0	0	0	0	0
Junior management staff working under employment contracts	4	1	5	11	1	12
Other administrative non-management staff working under employment contracts	3	3	6	40	14	54
Other operational non-management staff working under employment contracts	67	30	97	602	0	602
<b>Sum*</b>	<b>75</b>	<b>34</b>	<b>109</b>	<b>654</b>	<b>15</b>	<b>669</b>

\* The sum does not include the senior management staff working under contracts other than employment contracts.

	Total		
	Men	Women	Sum
<30 years	758	39	797
30–50 years	4,094	195	4,289
>50 years	605	126	731
Open-ended contract	4,738	246	4,984
Other contracts	719	114	833
Full time	5,449	358	5,807
Part time	8	2	10
Senior management staff working under employment contracts	0	0	0
Senior management staff working under contracts other than employment contracts	14	2	16
Directors working under employment contracts	17	1	18
Directors working under contracts other than employment contracts	0	0	0
Junior management staff working under employment contracts	179	8	187
Other administrative non-management staff working under employment contracts	592	226	818
Other operational non-management staff working under employment contracts	4,680	114	4,794
<b>Sum*</b>	<b>5,457</b>	<b>360</b>	<b>5,817**</b>

\* The sum does not include the senior management staff working under contracts other than employment contracts.

\*\* The data cover also Employees whose employment has been temporarily suspended due to e.g. parental leave, unpaid leave or a rehabilitation benefit.





GRI 3-3

From the perspective of goodwill, succession and management of skills and talents in the Company are of utmost importance. We realize that each time an Employee departs, their experience, know-how and specialist highly practical knowledge are lost. When monitoring the labor market in the region, we observe the trend of changing jobs more frequently than the case was in the past, which – in combination with the low unemployment rate – could mean that Bogdanka's Employees might also decide to look for new jobs. The economy decarbonization policy, which is publicized by the media, also poses a threat to succession in the mining sector, which could seem unattractive to potential candidates.

In order to secure our staffing needs, we have been implementing the *Generational Change Program* since 2017. Its first stage was the *Voluntary Departure Program*, allowing for a rational, coordinated, and phased closing of the generation gap, while maintaining continuity of the operations.

Addressing the generation and skill gap also involves close cooperation with 10 trade schools and universities. In addition to regular meetings with students and graduates, our Group initiated a new support and incentive program addressed to future mining industry workers under the name "Go professional – school today, success tomorrow" in 2018. In 2022, we arranged apprenticeships for partnering school students. We also visited schools with our educational actions and contests.

**BEST PRACTICE**

In order to make it easier for new employees and apprentices to start their careers at LW Bogdanka, a new position has been created in the company to facilitate the adaptation process.



The "A Pass to Work" program is addressed to graduates from our partnering schools and the scholarship program for best performing students. The aim is to choose winners from among the graduates, who will be awarded "A Pass to Work in Bogdanka," in line with the existing HR needs of the LW Bogdanka Coal Mine, as well as to award commendation to seven more students who will be offered employment in RG Bogdanka.

**77** high school students employed

**15** AGH graduates employed

**13** more AGH graduates to be employed in 2023

**BEST PRACTICE**

Since 2018, LW Bogdanka S.A. has paid 206 scholarships to high schools for good grades in technical subjects and provided 33 AGH students with paid summer apprenticeships.

GRI 401-1

GRI 3-3

**Employee turnover within the LW Bogdanka Group**

	2022					
	LW Bogdanka			Łęczyńska Energetyka		
	Men	Women	Sum	Men	Women	Sum
Number of new Employees	134	36	170	8	1	9
Total number of Employee departures	116	17	133	6	0	6
<b>Employee turnover ratio</b>	<b>2.50</b>	<b>5.67</b>	<b>2.69</b>	<b>6.82</b>	<b>0.00</b>	<b>6.06</b>
Number of new Employees <30 years			86			1
Total number of Employee departures <30 years			14			1
<b>Employee turnover ratio</b>		<b>2.72</b>			<b>25.00</b>	
Number of new Employees 30–50 years			79			7
Total number of Employee departures 30–50 years			48			2
<b>Employee turnover ratio</b>		<b>1.26</b>			<b>5.26</b>	
Number of new Employees >50 years			5			1
Total number of Employee departures >50 years			71			3
<b>Employee turnover ratio</b>		<b>11.58</b>			<b>5.26</b>	
	MR Bogdanka			RG Bogdanka		
	Men	Women	Sum	Men	Women	Sum
	Number of new Employees	12	31	43	137	13
Total number of Employee departures	11	0	11	172	12	184
<b>Employee turnover ratio</b>	<b>14.67</b>	<b>0.00</b>	<b>10.09</b>	<b>26.30</b>	<b>80.00</b>	<b>27.50</b>
Number of new Employees <30 years			6			79
Total number of Employee departures <30 years			3			98
<b>Employee turnover ratio</b>		<b>30.00</b>			<b>36.43</b>	
Number of new Employees 30–50 years			22			64
Total number of Employee departures 30–50 years			6			77
<b>Employee turnover ratio</b>		<b>10.53</b>			<b>20.21</b>	
Number of new Employees >50 years			15			7
Total number of Employee departures >50 years			2			9
<b>Employee turnover ratio</b>		<b>4.76</b>			<b>47.37</b>	



	Total		
	Men	Women	Sum
Number of new Employees	291	81	372
Total number of Employee departures	305	29	334
<b>Employee turnover ratio</b>	<b>5.59</b>	<b>8.06</b>	<b>5.74</b>
Number of new Employees <30 years			167
Total number of Employee departures <30 years			116
<b>Employee turnover ratio</b>			<b>14.55</b>
Number of new Employees 30–50 years			172
Total number of Employee departures 30–50 years			133
<b>Employee turnover ratio</b>			<b>3.10</b>
Number of new Employees >50 years			28
Total number of Employee departures >50 years			85
<b>Employee turnover ratio</b>			<b>11.63</b>

In nearly 55% of the cases, the reason for terminating one’s employment at LW Bogdanka was retirement of Employees. At RG Bogdanka, the primary cause was employment in other Group companies.

GRI 404-2 | GRI 3-3

We improve our Employees’ skills. We expand and update their knowledge by offering a wide array of training courses, which Employees were able to take full time in 2022, when the pandemic ended.

- The Employee Development and Technical Training Department provided obligatory OHS training courses to 4827 Employees of LW Bogdanka, 771 individuals from other Group companies and 545 employees of external entities.
- 2775 persons took part in technical training and qualifying courses
- 1633 individuals upgraded their skills and abilities as part of 1st and 2nd cycle and post-graduate university programs, conferences, symposia and during training and team-building meetings
- 716 persons participated in obligatory internal courses

**BEST PRACTICE**

There has been a new e-learning platform available at LW Bogdanka since 2022. It enables Employees to expand their knowledge at the time and place of their choosing. The platform provides lecturers with access to advanced multimedia systems, and the training courses are more convenient for Employees to take.

GRI 3-3 | GRI 404-1

**Total number of training hours in 2022**

	2022	2021
Grupa LW Bogdanka	90,211	57,170





Average number of training hours	2022			
	LWB	ŁE	MRB*	RGB
Women	9.84	6.55	1.65	11.20
Men	7.80	7.24	11.57	14.50
Members of the Management Board and Supervisory Board	133.38	0.00	8.00	97.00
Directors	147	5.00	24.00	40.00
Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers).	35.00	13.40	14.40	3.33
Operational staff	6.6	8.04	0.58	14.59
Administrative staff	6.6	3.35	4.00	13.04

Average number of training hours	2021			
	LWB	ŁE	MRB	RGB
Women	11.2	13.8	24	10.86
Men	12.2	8.11	21.59	12.88
Members of the Management Board and Supervisory Board	107.50	0.00	8.00	0
Directors	12.80	25.50	64.00	56
Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers).	10.60	9.20	10.67	15.11
Operational staff	12.90	8.94	0.37	11.93
Administrative staff	9.70	6.36	10.29	22.79

Average number of training hours	2020			
	LWB	ŁE	MRB	RGB
Women	3.8	4.2	5.33	8.8
Men	4.6	10.41	9.19	20.69
Members of the Management Board and Supervisory Board	25.60	0.00	8.00	0
Directors	25.10	68.00	40.00	8
Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers).	4.20	15.60	18.67	16
Operational staff	4.60	9.64	0.37	20.71
Administrative staff	4.60	3.83	4.57	19.06

\* The drop in the average number of training hours, primarily among women and on junior positions, results from the Company having taken over the operation of the laundry employing 31 women.

GRI 401-3 | GRI 3-3

### Parental leaves in the LW Bogdanka Group in 2022

	LW Bogdanka			Łęczyńska Energetyka			RG Bogdanka		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
a. Number of company employees entitled to parental leave from 1 January to 31 December 2022	15	437	452	0	4	4	1	86	87
b. Number of company employees who took parental leave from 1 January to 31 December 2022	15	6	21	0	0	0	1	1	2
c. Number of company employees who returned to work after parental leave ended from 1 January to 31 December 2022	11	6	17	0	0	0	0	1	1
d. Number of company employees who returned to work after parental leave ended from 1 January to 31 December 2022 that were still employed 12 months after their return to work	5	2	7	0	0	0	1	0	1
e. Return to work rate	66.67%	100%	76.19%	0	0%	0%	-	100%	100%
e. Job retention rate	100%	100%	100%	0%	0%	0%	100%	-	100%

In MR Bogdanka, no Employee was entitled to parental leave in 2022.

### BEST PRACTICE

GRI 404-2

Our experts attend trade meetings and conferences on a regular basis. Every year, the Company's representatives deliver lectures as part of the School of Underground Mining to present new solutions and implementations in the modern coal enterprise. In 2022, the topics included, among others, the deposit management system and digital tools at LW Bogdanka, use of laser scanning for building a spatial database of the underground infrastructure and deposit variability analysis methods. In 2022, the Group's Employees participated also in the Mining Leaders Academy and LW Bogdanka was also represented by members of the Management Board in major events, such as the European Economic Congress and the Economic Forum.



# 3.4 A WORKPLACE FRIENDLY TO ALL

GRI 3-3

There is no place for any signs of discrimination in the LW Bogdanka Group. We show respect and support to anyone in our organization and we expect all Employees to do the same. Diversity is inherent in our organizational culture. We perceive the diverse experiences, points of view, talents and views of our Employees as a chance for the Group's development rather than an obstacle to its operations. We make sure that everyone can feel comfortable about their identity at work and know that they are accepted both by the Company and their colleagues.

GRI 2-23

From the formal viewpoint, the issue of diversity is regulated at LW Bogdanka among others by:



Code of Ethics, which considers any form of discrimination, harassment or mobbing unacceptable,



Labor Regulations, which mention prevention of discrimination in employment among the employer's fundamental obligations,



HR Policy, under which we are guided exclusively by professional criteria when seeking candidates: we check their knowledge, professional qualifications, personal predispositions and professional experience,



Company Collective Bargaining Agreement, where we commit to equal opportunities for efficient and well-organized work, so that the remuneration reflects the type of work performed, its quality and productivity.

GRI 406-1



**IN 2022, WE DID NOT RECORD A SINGLE CASE OF DISCRIMINATION IN THE LW BOGDANKA GROUP.**



### HOW WE TAKE CARE OF DIVERSITY AT LW BOGDANKA:

- ✓ all Employees have read and understood the Code of Ethics,
- ✓ we implement the policy of equal opportunities,
- ✓ we promote ethical standards at the mine site,
- ✓ we support diversity in HR regulations and procedures,
- ✓ we deliver training in anti-discrimination and anti-mobbing measures,
- ✓ we ensure equal access of women and men to decision-making processes, promotions, raises and leadership positions,
- ✓ our remuneration system does not discriminate against Employees in any way.

LW Bogdanka has not implemented a formalized diversity policy for the management staff. When appointing the Management Board and Supervisory Board, the Company pays a lot of attention to ensuring comprehensiveness, diversity, as well as a range of educational backgrounds and professional experience, without differentiating candidates by gender, age, background or other factors that have no substantive impact on the evaluation of their qualifications. The decisive aspect is, first of all, being fit to discharge the specific function well.





GRI 405-1

## Diversity of Employees and management bodies at LW Bogdanka S.A.

	LW Bogdanka			Łęczyńska Energetyka			MR Bogdanka		
	Men	Women	Sum	Men	Women	Sum	Men	Women	Sum
<b>Management Board</b>									
<30 years	0	0	0	0	0	0	0	0	0
30 to 50 years	3	0	3	0	0	0	0	0	0
>50 years	1	0	1	1	0	1	1	0	1
<b>Sum</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Supervisory Board</b>									
<30 years	0	0	0	0	0	0	0	0	0
30 to 50 years	5	1	6	1	1	2	0	0	0
>50 years	2	1	3	2	0	2	0	0	0
<b>Sum</b>	<b>7</b>	<b>2</b>	<b>9</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Members of the Management Board and Supervisory Board</b>									
<30 years	0	0	0	0	0	0	0	0	0
30 to 50 years	8	1	9	1	1	2	0	0	0
>50 years	3	1	4	3	0	3	1	0	1
<b>Sum</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Directors</b>									
<30 years	0	0	0	0	0	0	0	0	0
30 to 50 years	10	0	10	1	0	1	1	0	1
>50 years	3	1	4	1	0	1	0	0	0
<b>Sum</b>	<b>13</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers)</b>									
<30 years	0	0	0	0	0	0	0	0	0
30 to 50 years	121	4	125	4	0	4	3	1	4
>50 years	38	2	40	0	1	1	1	0	1
<b>Sum</b>	<b>159</b>	<b>6</b>	<b>165</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>5</b>
<b>Operational staff</b>									
<30 years	442	8	450	4	0	4	9	1	10
30 to 50 years	3,100	31	3,131	18	3	21	30	16	46
>50 years	400	45	445	44	0	44	28	13	41
<b>Sum</b>	<b>3,942</b>	<b>84</b>	<b>4,026</b>	<b>66</b>	<b>3</b>	<b>69</b>	<b>67</b>	<b>30</b>	<b>97</b>
<b>Administrative staff</b>									
<30 years	38	26	64	0	0	0	0	0	0
30 to 50 years	426	121	547	7	5	12	3	3	6
>50 years	62	62	124	9	2	11	0	0	0
<b>Sum</b>	<b>526</b>	<b>209</b>	<b>735</b>	<b>16</b>	<b>7</b>	<b>23</b>	<b>3</b>	<b>3</b>	<b>6</b>

	RG Bogdanka			Total		
	Men	Women	Sum	Men	Women	Sum
<b>Management Board</b>						
<30 years	0	0	0	0	0	0
30 to 50 years	1	0	1	4	0	4
>50 years	0	0	0	3	0	3
<b>Sum</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>7</b>
<b>Supervisory Board</b>						
<30 years	0	0	0	0	0	0
30 to 50 years	0	0	0	6	2	8
>50 years	0	0	0	4	1	5
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>3</b>	<b>13</b>
<b>Members of the Management Board and Supervisory Board</b>						
<30 years	0	0	0	0	0	0
30 to 50 years	1	0	1	10	2	12
>50 years	0	0	0	7	1	8
<b>Sum</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>17</b>	<b>3</b>	<b>20</b>
<b>Directors</b>						
<30 years	0	0	0	0	0	0
30 to 50 years	1	0	1	13	0	13
>50 years	0	0	0	4	1	5
<b>Sum</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>17</b>	<b>1</b>	<b>18</b>
<b>Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers)</b>						
<30 years	0	0	0	0	0	0
30 to 50 years	11	1	12	139	6	145
>50 years	0	0	0	39	3	42
<b>Sum</b>	<b>11</b>	<b>1</b>	<b>12</b>	<b>178</b>	<b>9</b>	<b>187</b>
<b>Operational staff</b>						
<30 years	249	0	249	704	9	713
30 to 50 years	334	0	334	3,482	50	3,532
>50 years	19	0	19	491	58	549
<b>Sum</b>	<b>602</b>	<b>0</b>	<b>602</b>	<b>4,677</b>	<b>117</b>	<b>4,794</b>
<b>Administrative staff</b>						
<30 years	16	4	20	54	30	84
30 to 50 years	24	10	34	460	139	599
>50 years	0	0	0	71	64	135
<b>Sum</b>	<b>40</b>	<b>14</b>	<b>54</b>	<b>585</b>	<b>233</b>	<b>818</b>



GRI 2-23 | GRI 2-24

LW Bogdanka did not take any particular measures to ensure specifically respect for human rights in 2022. The [Code of Conduct for LWB Suppliers](#) stipulates, in turn, directly that the Company expects that suppliers will respect, as part of their activities, internationally recognized human rights included in the UN Universal Declaration of Human Rights as well as the relevant regulations of this type in the national law. No significant risks related to respect for human rights have been identified in the Company. The Company's

**BEST PRACTICE**

GRI 414-1 | GRI 308-1 | GRI 3-3

Participation in LW Bogdanka's tendering procedures is conditioned on satisfaction of environmental and social criteria. In 2022, the issues of environmental protection and social impact were taken into account when selecting each of the 208 businesses with which we signed contracts after completing the tendering procedures.

**Remuneration policy**

GRI 2-19 | GRI 2-20

We want the remuneration amounts to reflect the actual effects of work. We give bonuses and rewards to the Employees who demonstrate commitment and show initiative. Remuneration-related matters are regulated by LW Bogdanka by the Company Collective Bargaining Agreement, which was agreed with the trade unions operating in the Company. The Agreement defines, among others, the applicable rates and allowances, e.g. for overtime or rescue services.

In 2022, LW Bogdanka Management Board placed particular emphasis on correlating remuneration with performance and minimizing the economic impact caused by the technical and geological problems that the Company experienced in September 2022. In connection with a record level of coal output in H1 2022, the mine's staff received a special bonus of PLN 47.9 million in total.



GRI 2-21

**Average monthly remuneration in the LW Bogdanka Group<sup>8</sup>**

zł	2021	2022	Change 2021/2022
LW Bogdanka S.A.	9,570	11,246	17.5%
Łęczyńska Energetyka sp. z o.o.	5,488	6,141	11.9%
EkoTrans sp. z o.o.	6,875	9,733	41.6%
RG Bogdanka sp. z o.o.	4,945	6,524	31.9%
MR Bogdanka sp. z o.o.	5,314	5,843	10.0%
<b>GK LW Bogdanka*</b>	<b>8,907</b>	<b>10,536</b>	<b>18.3%</b>

GRI 405-2 | GRI 3-3

**Ratio of average base remuneration\* of women to men at LWB**

	Under 30 years old	30 To 50 years	Over 50 years old	Average
Directors	-	0.43	0.84	0.78
Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers).	0.61	0.81	0.64	0.74
Operational staff	0.88	0.8	0.86	0.82
Administrative staff	1.02	0.95	0.85	0.92

\* Base remuneration is a fixed minimum amount paid to an Employee for the performed work, exclusive of any allowances, e.g. overtime or bonuses.  
At LWB, there are grades with a specified amount of base remuneration, equal for women and men holding the same positions. This means that there is no mechanism conditioning the amount of remuneration on gender or any other diversity-related factors.

**Ratio of average remuneration\* of women to men at LWB:**

	Under 30 years old	30 To 50 years	Over 50 years old	Average
Directors	-	0.51	0.54	0.74
Junior management staff, i.e. managers and their counterparts (including chief foremen and dispatchers).	0.72	0.66	0.64	0.65
Operational staff	0.73	0.66	0.84	0.72
Administrative staff	0.96	0.93	0.93	0.93

\* Remuneration is base salary plus additional amounts, such as seniority bonuses, cash or shares, allowances for overtime, cesser pays and any other reimbursements and allowances (e.g. commuting, child care, housing benefits).

<sup>8</sup> The average monthly remuneration was calculated on the basis of the average employment in the LW Bogdanka Group (taking into account the methodology of Statistics Poland reducing the employment of Employees staying (continuously) on sickness, maternity, care or rehabilitation benefits for more than 14 days).



# 4 REGION



## 4.1 GREEN AND ATTRACTIVE REGION

GRI 3-3

We value our neighbors and the area where we operate. We are proud of the region and its inhabitants: their energy, ideas and local engagement. At the same time, we realize that our mine is the economic pillar of the entire voivodeship. This is why we support Lublin initiatives and have worked on the reputation of a good partner for years.



We support initiatives for sustainable development and corporate social responsibility:

- United Nations Global Compact
- Declaration on sustainable development in the energy sector in Poland
- Declaration of the Polish Business for Sustainable Development
- Partnership for achieving Sustainable Development Goals in Poland
- Responsible Business Forum (ENEA S.A. and Lubelski Węgiel "Bogdanka" have the status of strategic partners)
- MINING OK Joint Social Initiative Group
- Poland's Economic Safety Consortium

GRI 204-1

In 2022, services were provided to LW Bogdanka by **359** suppliers from the Lublin Region. **87** local businesses supplied products and materials to the mine.

**27%** of the products and services are purchased locally by Łęczyńska Energetyka

**53.5%** of the products and services purchased by MR Bogdanka come from Lubelskie Voivodeship.

**39%** of RG Bogdanka's products and services are purchased locally<sup>9</sup>

<sup>9</sup> Along with purchases from related parties.



GRI 203-2 | GRI 3-3

We realize the challenges faced by the enterprises operating in our industry and know that these issues are also of concern to residents of the Lublin Region and local authorities. We work together on responsible changes that will allow us to preserve stability of employment. In 2022, during the Three Seas Local Government Congress in Lublin, we signed a letter of intent regarding the creation of the Łęczyński Energy Cluster. Nine entities are signatories – the newly formed Cluster includes the Bogdanka mine, the mining municipalities of Łęczna County, Świdnik County, the city of Łęczna and the Lublin University of Technology. The agreement on the establishment of the Cluster was signed in February 2023.

The purpose of the Łęczyński Energy Cluster is to increase the share of energy generated from renewable sources in the local energy mix, support the local development of businesses with high electricity demand in the process of optimizing the costs and reducing their carbon footprint. The idea of the Cluster is also to implement innovative solutions in the energy sector and improve the competitiveness of the entities that make up the Cluster, as well as to promote the region as open to the development of clean technologies that significantly reduce the environmental burdens and impacts generated by the traditional energy sector, local industry and transportation, which will significantly improve the health and lives of local communities and the sustainable development of the municipalities and other entities that make up the Cluster.

**BEST PRACTICE**

In 2022, LW Bogdanka finalized the cooperation with the Landscapes Foundation on the “ŁęcznaLab” project. The project was aimed at implementing sustainable development and social participation activities in the town of Łęczna. Sensory education workshops were conducted for the Rehabilitation and Education Center in Łęczna, which is attended by children and young people with severe mental disabilities. Another activity was carried out to activate the space in the Miners’ Square in Łęczna, where a playground had previously been modernized. A field game combined with nature education was also organized for schoolchildren. The workshops were led by an Employee of the Lublin Landscape Park team.



## 4.2 ACTIVE CITIZEN

GRI 203-1 | GRI 3-3

We pride ourselves on the title of Patron of Culture and Sports and pursue activities in the area of sports sponsorship as well as social and cultural sponsorship. 2022 was a period of dynamic growth of our engagement: the Company carried out a total of 85 sponsorship projects, 32 of which were related to amateur and professional sports, and 53 to social and cultural area. Sponsorship expenses amounted to over PLN 10.74 million, 32.3% more than in 2021.

In 2022, LW Bogdanka’s social engagement focused on multi-sector partnerships, support for initiatives that are of significance to residents and prevention of inequalities and social exclusion. We concluded 47 donation agreements with foundations, associations, municipalities, schools, hospitals and other entities executing projects for the benefit of the local community. The Company co-financed e.g. the renovation and fit-out of children’s rooms in the “Tęcza” Care and Educational Institution in Krasnystaw and the purchase of specialist uniforms for firefighters of the Volunteer Fire Department in Polichno.



**IN 2022, LW BOGDANKA AMENDED THE REQUESTS FOR DONATIONS BY INTRODUCING, AMONG OTHERS, PROVISIONS ON THE IMPLEMENTATION OF THE UN SUSTAINABLE DEVELOPMENT GOALS.**

The formal framework for our activities is set by the *Social Engagement Policy*.

**PLN 513.1 thousand**  
aid related to the war in Ukraine

**PLN 178.1 thousand**  
treatment and rehabilitation

**PLN 37,6 thousand**  
purchase of medical equipment

**PLN 14,6 thousand**  
social assistance

**PLN 21,5 thousand**  
subsidies for education and health

**PLN 21 thousand**  
other subsidies



The Company signed also a partnership agreement with Łęczna County, which enabled support e.g. to "Local Product Fair" and initiatives for children and youth, such as "Summer vacation with the Country and Bogdanka," "County Children's Day" and the environmental project "I AM INSPIRED! ZERO WASTE AT SCHOOL."

**BEST PRACTICE**

Environmentally friendly activities carried out in all high schools of Łęczna County under a project promoting the zero waste approach were wrapped up with a contest entitled "rEKOnstruktor." The participating students were supposed to construct an object or implement a project using waste. The first place was taken by class 3 of the IT Technical School the King Kazimierz Jagiellończyk School Complex in Łęczna and their design of the Precursor Lamp. Students participating in the contest showed enormous creativity by designing clothes, furniture, decorations and jewelry. The first prize in the contest is a trip to the Copernicus Science Center in Warsaw and participation in a workshop meeting with LWB's staff.

LW Bogdanka's actions for levelling out opportunities in the labor market included a social project titled "Active and Fulfilled," which was addressed to women from Łęczna County, who were professionally inactive or wanted to improve their professional and social situation. Six Rural Women's Associations were invited to cooperation with a view to ensure more effective recruitment of participants. They received a package of training courses and workshops as well as mentoring support for developing skills related to attitudes and emotions. The participants identified their strengths and raised their awareness of their rights and opportunities. 30 women took part in 140 hours of workshops organized into six thematic modules over 3 months.

**BEST PRACTICE**

In cooperation with the Chatka Żaka Academic Center for Culture and Media of the Maria Curie-Skłodowska University in Lublin, we offer a scholarship program for young artists and culture animators from the Lublin Region. In 2022, a record number of applications were submitted, i.e. as many as 60. 20 scholarships were granted, among others, to musicians, dancers, filmmakers, painters and creators of artistic events. The scholarship budget was increased to PLN 100 thousand in 2022.

**BEST PRACTICE**

In 2022, RG Bogdanka allocated PLN 10 thousand to revitalization of the Holy Spirit Church in Kraśnik. The donation was expended on conservation, renovation and construction works to improve safety, physical condition and aesthetics of the church.

**Solidary Miners Foundation**

The Solidary Miners Foundation has a special place on our map of social activities. The Foundation is a non-governmental organization that has become a permanent part of the support system for Employees of the LW Bogdanka Group and members of local communities in Lubelskie Voivodeship, who turn to it when they find themselves in life dire straits. The Foundation was set up by LW Bogdanka Management Board in 2013, as an additional and effective form of supporting the mining community: employees of the Company, its subsidiaries and sub-contracting partners, including their families.



**SINCE 2014, THE SOLIDARY MINERS FOUNDATION HAS DONATED NEARLY 90% OF ITS FUNDS TO THE CO-FINANCING OF TREATMENT, REHABILITATION AND MEDICAL EQUIPMENT FOR THE MINE'S FORMER AND PRESENT EMPLOYEES OR THEIR FAMILIES.**

The Foundation's activities taken in 2022 focused on individual aid and collaboration with the County Family Support Center in Łęczna.

Cooperation with the County Family Support Center in Łęczna is connected with the launch of the Consultation and Information Point for addicts. The purpose of the Point is to diagnose problems related to addictions and violence in the family, to plan assistance and provide support in overcoming life difficulties, to reduce the scale of violence and aggression, and to counteract addictions. The assistance is targeted predominantly at residents of Łęczna County. The Point's primary activity consists of duty hours of specialists, i.e. physicians, psychologists, as well as the preparation of articles, the distribution of leaflets and the maintenance of a dedicated tab on the County Family Support Center website. Assistance from the Foundation comes primarily in the form of financial support (PLN 35 thousand in 2022), attempts to reach people in need of help and communication activities on the Company's premises.

**Helping Ukraine**

The Solidary Miners Foundation coordinated and performed support activities related to the war in Ukraine. Funds, over PLN 500 thousand from the Founder, were allocated in whole to helping victims of the war. The activities included among others:

- running a temporary residence center for refugees in Sary Tartak, where, apart from care and "roof over their heads," access to physicians and medicinal products, food and basic necessities were

provided. Polish language lessons, transportation of students to schools and assistance addressing individual needs were also provided,

- ensuring transportation of refugees from the border to reception points,
- distributing the sandwiches, water and donations prepared as part of employee volunteering on a daily basis,
- collecting and redistributing necessities for refugees,
- supporting local government units in the organization of transportation to areas affected by hostilities,
- financial support for organizations involved in helping refugees and residents of Ukraine staying in Poland (more than a dozen entities were provided with financial support for arranging accommodation, care, food and heating).

**BEST PRACTICE**

The Solidary Miners Foundation established cooperation with a British foundation which donated 12 tons of necessities distributed through transportations to Ukraine and delivered to the refugees in need who were being taken care of by relief organizations in Poland.

The Group's Employees also engaged in helping Ukrainians by organizing trips to the border in Dorohusk and Zosin and transporting donations: mainly food, water and basic hygiene supplies.

**BEST PRACTICE**

The braziers made by MR Bogdanka and delivered to border crossings in response to the appeal from services and volunteers made the waiting time more endurable to people coming from Ukraine. 50 pieces were distributed in Dorohusk among other places.



## 5

## INNOVATIVE GROUP

5.1  
INNOVATION, AUTOMATION  
AND DIGITIZATION

The LW Bogdanka Group perceives innovation and development of technology as one of the necessary elements in the development of our organization. It is part of our mission and strategy: we want to not only modernize coal extraction but also change the Group through high technologies in response to the decarbonization-related challenges of the modern world.

LW Bogdanka stands out on the global scale in the mining industry by its advanced and pioneering technical and organizational solutions already today. We use state-of-the-art technologies in production processes by operating a machinery park with world-class equipment, some of which has been designed in cooperation with LW Bogdanka's engineers. We have built our success on openness to new solutions, e.g. modernization and automation of a large portion of underground works and modern IT systems for various areas of mining activity. This has contributed to improvement of performance and safety of the staff and streamlining of technological processes, monitoring of the operation of machines and equipment as well as planning of production and identification of risks.

The mine's operations use many innovative solutions, such as the Industrial Internet of Things platform, a deposit digital model, a geomechanical model, state-of-the-art belt conveyors with monitoring systems, as well as a system of laser scanning-based monitoring of roadway mining pits.

## BEST PRACTICE

In 2022, we commenced the design and construction of a rockmass monitoring system based on the photonics technology. Its deployment will allow greater safety of the staff and effectiveness of the excavation support selection process. The tool under development will highly increase the possibility to monitor the rockmass in real time.

Our flagship innovative project executed in 2022 is the deployment of an enhanced operator console. We are the first Polish mine to use so advanced solutions supporting maintenance services. The console improves the ergonomics of work and enhances the operation of the control room by combining all monitoring and prediction systems deployed at LW Bogdanka in recent years.

The console is a development of the integrated prediction and monitoring system deployed for the first longwall shearer in 2019. The solution makes it possible to predict failures and shorten production downtimes, which translates into lower operating expenses. Two more complexes have joined the system in successive years. Now, all deployed digital solutions have been integrated with a smart operator console: all crucial information is displayed on one workstation, which gives a broader view of the production and helps efficient decision-making. The console "centralizes" knowledge as well as facilitates and accelerates presentation of the most crucial data.





**BEST PRACTICE**

At LW Bogdanka, the industrial internet of things equipment monitors e.g. electric drives, cooling systems, bearings or hydraulics along the Company's 7-kilometer longwall. The solution includes a few modules: the first one collects data from distributed machines and two other analyze the collected information in terms of use of equipment, efficient work time and physical condition of mechanisms. The last component of the deployment is software applying artificial intelligence algorithms for detecting anomalies in the operation of the systems.

**BEST PRACTICE**

In 2022, we co-organized the *Architect of Innovation* contest addressed to high school students from selected counties in Lublin Region. The aim was to select the most interesting invention projects and technical or digital solutions proposed by young constructors. The contest was determined in the office of Patent Attorney of the Republic of Poland.

**BEST PRACTICE**

We were awarded the Mining Success of the Year by the Chapter of the Mining Success in the "Innovation" category for improving the climate conditions by implementing a technology for the production of binary ice, as an agent increasing the power of the central air conditioning.



## 5.2 CHANGE LEADER

In 2022, in connection with the adoption of the ESG Strategy, the process of implementing recommendations on ESG risk management, including climate risk, began in the LW Bogdanka Group. The purpose of the actions is to incorporate the ESG risk in the risk management system in the organization.

Selected strategic recommendations related to ESG risk management:



- Identification and assessment of ESG risks
- Establishment and description of the role of the management staff in the ESG risk management process
- Inclusion of ESG risks in the risk management policy as specific risk
- Development of the ESG risk management procedure, which allows for the roles and responsibilities at the level of the Management Board, management staff and responsible entities / risk owners
- Development of a separate ESG risk management policy (including climate risk) or expansion of the applicable risk management policy in this regard
- Inclusion of the TCFD Guidelines and ESRS requirements in the ESG risk management process and use of the existing tools and ones provided for in the regulations

The adoption of the ESG Strategy in the Company initiated the process of managing the implementation of the adopted assumptions, which covers the holistic supervision over the ESG Strategy implementation at LW Bogdanka (management process) and coordination of the execution of individual strategic initiatives as part of the implementation of the ESG Strategy and performance of other ESG activities (operational process).

GRI 2-13

The management structure for implementing the ESG Strategy is based on three management levels:

- **Supervisory level:** holistic supervision over the ESG area management and Strategy implementation
- **Managerial level:** strategic ESG area management and Strategy implementation. Supervision over the implementation of strategic initiatives
- **Operational level:** operational activities. Implementation of individual strategic initiatives.

As part of ESG issue management, functional roles have been assigned in the organizational structure:

- **Management Board:** responsibility for the holistic supervision over ESG management
- **Strategy and Sustainable Development Director:** supervision over ESG Strategy implementation
- **ESG Department Head:** responsibility for the holistic management of the ESG area and Strategy implementation
- **ESG Department:** responsibility for the holistic coordination of ESG-related activities
- **Initiative leaders:** responsibility for the management of individual strategic initiatives.

Additionally, the Company intends to establish the ESG Committee the objective of which will be to ensure a broad and comprehensive view of the organization taking into account the specific nature of individual units in ESG area management. The Committee would perform opinion-making functions in material issues and decisions regarding ESG, including ones concerned with the implementation of the Strategy.

The effectiveness of the actions taken as part of the ESG Strategy implementation will be checked through ongoing monitoring and annual evaluations.



## 6

## ABOUT THIS REPORT

GRI 2-2

GRI 2-3

GRI 2-4

GRI 2-5

This report is the tenth edition of the Sustainability Report<sup>10</sup> published by the LW Bogdanka Group. It was prepared in accordance with the requirements of the Global Reporting Initiative Standards (GRI Standards). The report covers data from 1 January

2022 to 31 December 2022, unless indicated otherwise in the text. The LW Bogdanka Group reports on an annual basis. The previous report was published on 31 August 2022 and covered the year 2021. This report does not contain corrections of the information provided in the report for 2021.

The report has not been externally verified.

## 6.1 PROCESS OF DEFINING RELEVANCE

GRI 3-1

An extensive relevance examination process was carried out for the purpose of identifying and assessing the topics that are of relevance to the LW Bogdanka Group. In order to ensure comprehensiveness of the approach and include diverse perspectives, the process was conducted by means of various tools and through involvement of stakeholders.

The first stage consisted in an analysis of legacy data. The analysis covered sustainable development strategies and sustainability reports of companies considered as peers of the LW Bogdanka Group (benchmark). The aim of the stage was to determine the key impact areas and, ultimately, the material topics identifies by other businesses from the industry. At that stage, the requirements of international ESG ratings and guidelines, which allow for the industry's perspective and requirements, were also

subjected to the analysis. Based on the results of that stage, the first, preliminary, list of material topics was prepared and then included in further works.

At subsequent stages, stakeholders' opinions were taken into consideration: representatives of the Group's most important functions / business lines were invited to 12 dialogs, which were conducted by an external consultant. Participants of the talks were asked about the relevance of ESG topics for LW Bogdanka, ESG-related opportunities and risks as well as ambitions in this area.

The outcome of the aforementioned stages gave rise to an extensive list of material topics, which were later prioritized by the project team.

<sup>10</sup> In 2014-2022, LW Bogdanka published integrated reports.



# 6.2 MATERIAL TOPICS

GRI 3-2

The final version of the list of material topics is as follows:



### ENVIRONMENTAL TOPICS

- Environmental and climate impacts
- Reduction of greenhouse gas emissions
- Rational use of resources (water management, waste rock management)
- Waste management and Circular Economy
- Impact on biodiversity
- Sustainable supply chain and responsible sales practices



### SOCIAL TOPICS

- Employee health and safety
- Employees:
  - Attracting and retaining employees
  - Diversity, equal opportunity and anti-discrimination
  - Employee development
  - Employee well-being and fair remuneration
- Support for local communities



### GOVERNANCE TOPICS

- ESG Strategy
- Corporate Governance



GRI 2-3

The representative of LW Bogdanka S.A. responsible for contacts in all matters relating to this document is:

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# GRI INDEX

The option to omit relevant disclosures in part or in whole has not been used in this report.

### GRI INDEX

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION
	<b>2-1</b> Organizational details	<b>5</b>
	<b>2-2</b> Entities included in the organization's sustainability reporting	<b>77</b>
	<b>2-3</b> Reporting period, frequency and contact point	<b>77</b>
	<b>2-4</b> Restatements of information	<b>77</b>
	<b>2-5</b> External assurance	<b>77</b>
	<b>2-6</b> Activities, value chain and other business relationships	<b>5</b>
	<b>2-7</b> Employees	<b>51</b>
	<b>2-8</b> Workers who are not employees	<b>48</b>
	<b>2-9</b> Governance structure and composition	<b>8-10</b>
	<b>2-10</b> Nomination and selection of the highest governance bodies	<b>8-10</b>
	<b>2-11</b> Chair of the highest governance body	<b>8-10</b>
<b>GRI 2: General Disclosures 2021</b>	<b>2-12</b> Role of the highest governance body in overseeing the management of impacts	<b>8, 10</b>
	<b>2-13</b> Delegation of responsibility for managing impacts	<b>12, 75</b>
	<b>2-14</b> Role of the highest governance body in sustainability reporting	<b>12</b>
	<b>2-15</b> Conflicts of interest	<b>20</b>
	<b>2-16</b> Communication of critical concerns	<b>12</b>
	<b>2-17</b> Collective knowledge of the highest governance body	<b>10</b>
	<b>2-18</b> Evaluation of the performance of the highest governance body	<b>10</b>
	<b>2-19</b> Remuneration policies	<b>64</b>
	<b>2-20</b> Process to determine remuneration	<b>64</b>
	<b>2-21</b> Annual total compensation ratio	<b>65</b>
	<b>2-22</b> Statement on the sustainable development strategy	<b>2-3</b>
	<b>2-23</b> Policy commitments	<b>10, 12, 13, 16, 17, 20, 39, 48, 60, 64</b>
	<b>2-24</b> Embedding policy commitments	<b>12, 13, 16, 17, 64</b>
	<b>2-25</b> Processes to remediate negative impacts	<b>13</b>
<b>2-26</b> Mechanisms for seeking advice and raising concerns	<b>16</b>	



	<b>2-27</b>	Compliance with laws and regulations	<b>20</b>
	<b>2-28</b>	Membership associations	<b>6</b>
	<b>2-29</b>	Approach to stakeholder engagement	<b>21-23</b>
	<b>2-30</b>	Collective bargaining agreements	<b>48</b>
<b>GRI 3: Material topics 2021</b>	<b>3-1</b>	Process to determine material topics	<b>77</b>
	<b>3-2</b>	List of material topics	<b>78</b>
<b>Environmental and climate impacts</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>26</b>
<b>GRI 302: Energy 2016</b>	<b>302-1</b>	Energy consumption within the organization	<b>26</b>
<b>Reduction of greenhouse gas emissions</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>28-29</b>
	<b>305-1</b>	Direct (Scope 1) GHG emissions	<b>28</b>
<b>GRI 305: Emissions 2016</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	<b>28</b>
	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	<b>29</b>
<b>Rational use of resources (water management, waste rock management)</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>35-36</b>
	<b>303-2</b>	Management of water discharge-related impacts	<b>35</b>
<b>GRI 303: Water and effluents 2018</b>	<b>303-3</b>	Water withdrawal	<b>36</b>
	<b>303-4</b>	Water discharge	<b>35</b>
<b>Waste management and Circular Economy</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>32-34</b>
<b>GRI 301: Resources 2016</b>	<b>301-1</b>	Materials used by weight and volume	<b>33</b>
	<b>306-1</b>	Waste generation and significant waste-related impacts	<b>32</b>
<b>GRI 306: Waste 2020</b>	<b>306-2</b>	Management of significant waste-related impact	<b>32</b>
	<b>306-3</b>	Waste generated	<b>33</b>
<b>Impact on biodiversity</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>30-31</b>

<b>GRI 304: Biodiversity 2016</b>	<b>304-1</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<b>30</b>
	<b>304-3</b>	Habitats protected or restored	<b>30</b>
	<b>304-4</b>	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<b>30</b>
<b>Sustainable supply chain and responsible sales practices</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>6, 64, 67</b>
<b>GRI 204: Procurement practices 2016</b>	<b>204-1</b>	Proportion of spending on local suppliers	<b>67</b>
<b>GRI 308: Environmental assessment of suppliers 2016</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	<b>64</b>
<b>GRI 414: Social assessment of suppliers 2016</b>	<b>414-1</b>	New suppliers that were screened using social criteria	<b>64</b>
<b>GRI 416: Consumer health and safety 2016</b>	<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	<b>6</b>
	<b>417-1</b>	Requirements for product and service labeling	<b>6</b>
<b>GRI 417: Marketing and labelling 2016</b>	<b>417-2</b>	Total number of incidents of non-compliance concerning product and service information and labeling	<b>6</b>
	<b>417-3</b>	Total number of incidents of non-compliance with regulations and voluntary codes regulating marketing communication	<b>6</b>
<b>GRI 418: Customer privacy 2016</b>	<b>418-1</b>	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	<b>13</b>
<b>Employee health and safety</b>			
<b>GRI 3: Material topics 2021</b>	<b>3-3</b>	Management of material topics	<b>39-45</b>
	<b>403-1</b>	Occupational health and safety management system	<b>39</b>
	<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	<b>41, 44</b>
	<b>403-3</b>	Occupational health services	<b>42</b>
<b>GRI 403: Employee/management relationships 2018</b>	<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	<b>42, 43</b>
	<b>403-5</b>	Worker training on occupational health and safety	<b>41</b>
	<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<b>42</b>
	<b>403-8</b>	Workers covered by an occupational health and safety management system	<b>45</b>
	<b>403-9</b>	Work-related injuries	<b>43</b>



Employees: attracting and retaining employees		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>48, 51, 54, 55, 59</b>
<b>GRI 401: Headcount 2016</b>	<b>401-1</b> Total number and rate of new employee hires and number of departures during the reporting period	<b>55</b>
	<b>401-3</b> Parental leave	<b>59</b>
Diversity, equal opportunity and anti-discrimination		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>60, 62, 65</b>
<b>GRI 405: Diversity and equal opportunity 2016</b>	<b>405-1</b> Diversity of governance bodies and employees – by gender, age group, minority membership and other diversity indicators	<b>62</b>
	<b>405-2</b> Ratio of basic salary and remuneration of women to men	<b>65</b>
<b>GRI 406: Anti-discrimination 2016</b>	<b>406-1</b> Total number of incidents of discrimination	<b>61</b>
Employee development		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>49, 56, 57, 59</b>
<b>GRI 404: Training and education 2016</b>	<b>404-1</b> Average hours of training per year per employee	<b>57</b>
	<b>404-2</b>	<b>56, 59</b>
	<b>404-3</b> Percentage of employees receiving regular performance and career development reviews, by gender and employee category	<b>49</b>
Employee well-being and fair remuneration		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>50</b>
<b>GRI 401: Headcount 2016</b>	<b>401-2</b> Benefits provided to full-time employees	<b>50</b>
Support for local communities		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>46-47, 68, 69-71</b>
<b>GRI 203: Indirect economic impacts 2016</b>	<b>203-1</b> Infrastructure investments and services supported	<b>69</b>
	<b>203-2</b> Significant indirect economic impacts	<b>68</b>
ESG Strategy		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>14-15</b>
<b>Internal indicator</b>	Key strategic assumptions	<b>14</b>

Corporate governance		
<b>GRI 3: material topics 2021</b>	<b>3-3</b> Management of material topics	<b>5, 16-20</b>
<b>GRI 201: Economic results 2016</b>	<b>201-1</b> Direct economic value generated and distributed	<b>5</b>
<b>GRI 205: Counteracting corruption 2016</b>	<b>205-1</b> Operations assessed for risks related to corruption	<b>17</b>
	<b>205-2</b> Communication and training about anti-corruption policies and procedures	<b>17</b>
	<b>205-3</b> Confirmed incidents of corruption and actions taken	<b>20</b>









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