



Stable development in uneasy environment

On the eve of the Armed
Conflict in Ukraine

LW Bogdanka Group

Integrated Report for 2021

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Letter from the President of the Management Board



Artur Wasil, President of the Management Board
of LW Bogdanka

GRI 102-14

Ladies and Gentlemen,

2021 was for the LW Bogdanka Group undoubtedly a good year, which we have used to strengthen our position in the market. We were quick to respond to changes, adapt to new requirements and respond efficiently to customers' needs. In a word – we took advantage of the business conditions. This is evidenced primarily by the achievement of record results. In 2021 we sold 10 million tons of coal and the production reached 9.9 million tons. This is a great success for us – it shows the scale and the market significance of our company.

We consistently develop our mine by reaching for innovations. In 2021, we continued our efforts to ensure that mining operations are supported by smart devices based on Internet of Things technologies.

The solution is already living up to expectations and reducing breakdown times. Ultimately, it is expected to anticipate breakdowns and allow us to respond in an appropriate manner so as not to affect the continuity of production. One should also mention here the binary ice generator already in operation in the Stefan field to support central air conditioning. This is the only such solution in the world. We are also in the process of testing a device for feeding connected roof support sections to the mine face, and have implemented human transport on a conveyor belt to a longwall with a seven-kilometer run. All of these measures facilitate mining operations and strengthen the mine's rating as a company that cares about its staff. We are also pleased with the salary agreement, signed in 2021, that provides employees with employment guarantees in addition to wage increases. At the beginning of 2022, sharing our profits with employees, we paid a special bonus for 2021.

Although the report pertains to 2021 it is impossible not to mention the conflict in Ukraine. Russia's attack on our eastern neighbors was a test of our solidarity. From the first days, we were a "help center." Being right on the border, we responded to the ongoing needs of the services and organizations providing assistance to those fleeing the war. Dozens of people have found shelter in our center, and we received the first families with children already in early March, providing them with comprehensive care. We supplemented our relief efforts with a donation of half a million zlotys to aid centers. We are particularly proud of the tremendous commitment of our volunteer employees, whose help was invaluable in the first weeks of the war.

After the embargo on Russian coal, we had to face further challenges. Polish mines are not able to significantly increase output within a few months. This is technically impossible. Preparatory works take about two years, so we can talk about a real increase in production in such a perspective. Nevertheless, realizing the social consequences of the embargo, we have allocated a larger volume for retail sales. In this way, we are helping households, farmers and small businesses to stock up on the scarce raw material. In 2021, we sold 60,000 tons of coal

through this channel, and in 2022 we plan to increase it five times to 300,000 tons. At the same time, we must remember that we are operating on the basis of long-term contracts, which we must comply with.

Ladies and Gentlemen, Bogdanka sees and understands the challenges facing the entire industry. Ahead of us is a time of transition. We have already taken steps leading to obtaining additional sources of revenue from operations beyond the sale of steam coal and operations completely unrelated to coal. An important argument for seeking these sources is the lack of investment in new coal-based generating units by the domestic power industry. According to expert studies, in 2040 the demand for steam coal in Poland (under the high CO₂ allowance scenario) will be around 11 million tons. This is undoubtedly an opportunity for Bogdanka to maintain jobs, but it requires further steps towards a smart mine program, and organizational and technological changes. This year we are also starting to prospect for type 35 coal in the southern part of the Lublin Region. All these activities will be reflected in the strategy we are currently updating, which is based on our values and principles from the ESG area.

I am pleased to present to you the ninth sustainability report of the LW Bogdanka Group, prepared in accordance with the GRI standard. At the same time, this is our group's seventh integrated report prepared in accordance with IIRC guidelines. This document is a testament to the environmental, social and economic activities of our organization in 2021 – a time of good and record results and full of excitement.

I wish you an interesting reading of this report.

Yours faithfully,
Artur Wasil





Sustainable development in an uncertain environment


Energy transition


At the LW Bogdanka Group, we are closely following the developments in the energy and climate policy. We realize the fundamental impact on our future exerted of the plan to reduce the share of coal in the energy mix. We are aware that we need to implement changes – that is why we are already taking strategic measures to prepare LW Bogdanka and our employees to operate in the changing reality.


How we prepare for the changes:

- 

Development of renewable energy sources based on local potential – photovoltaic farms and energy use of biomass (biogas, biomethane, hydrogen), as well as production of components for renewable energy installations.
- 

Establishment of a regional center for the development of low-carbon and renewable energy technologies, renewable energy innovation and Circular Economy.
- 


Recovery of waste and post-mining infrastructure and recycling of RES waste (storage of problematic waste).
- 


Reclamation of brownfields for adaptation to other purposes, creating new jobs.
- 


Coking coal mining – we will be the last mine to end coal mining.


An important factor influencing the LW Bogdanka Group's market position is the government's plans regarding hard coal mining and the power sector. In February 2021, the Council of Ministers approved Poland's Energy Policy until 2040. The document assumes that the Polish economy will still be based on hard coal, however despite the continuous increase in demand for electricity, its share in the production mix will be decreasing. The estimated annual share of hard coal for electricity generation will be approx. 56% in 2030, assuming a balanced increase in the prices of CO₂ emission allowances. The Policy also assumes that the use of coal for individual heating systems will be phased out in cities by 2030 and in rural areas by 2040. The presented assumptions are neutral from LW Bogdanka's point of view, which should allow the company to maintain its planned production levels in the coming years.


Poland's energy policy:

- 

56% no more than 56% coal in electricity generation in 2030
- 

23% at least 23% of RES in gross final energy consumption in 2030
- 

implementation of nuclear power in 2033
- 

30% reduction of greenhouse gas emissions by 30% by 2030 (relative to 1990)
- 

23% reduction of primary energy consumption by 23% by 2030 (relative to 2007 consumption projections)



At LW Bogdanka, we know what a key economic role our mine plays in the region. We also see a completely understandable concern about jobs among the local community. Although the coming changes will not happen overnight, as coal will still be Poland's primary energy source for many years to come, at LW Bogdanka we think about the future long-term. Therefore, we are already gradually diversifying our business and increasing the share of non-mining and green initiatives. We will implement a very comprehensive program in this regard. I would like to emphasize strongly that at LW Bogdanka we are creating stable jobs today and will continue to do so in the future.



Artur Wasil,
President of the Management Board
of LW Bogdanka

Representatives of our Group participated in the 2021 Territorial Plan for Just Transition for the Lubelskie Voivodeship. The document is part of the systemic planning of the energy transition process to achieve the European Union's climate goals. A key tool to support the achievement of climate neutrality is the Just Transition Mechanism, which is designed to mitigate the effects of economic diversification of coal regions. The proposed mechanism provides for activities to support various stakeholders in the transition. The document was prepared in accordance with the scope and requirements of the Regulation of the European Parliament and the Council establishing the Just Transition Fund for mining and industrial regions.



See more online

The draft Territorial Plan for Just Transition for the Lubelskie Voivodeship is available online at

[See more](#)



Coal market in 2021

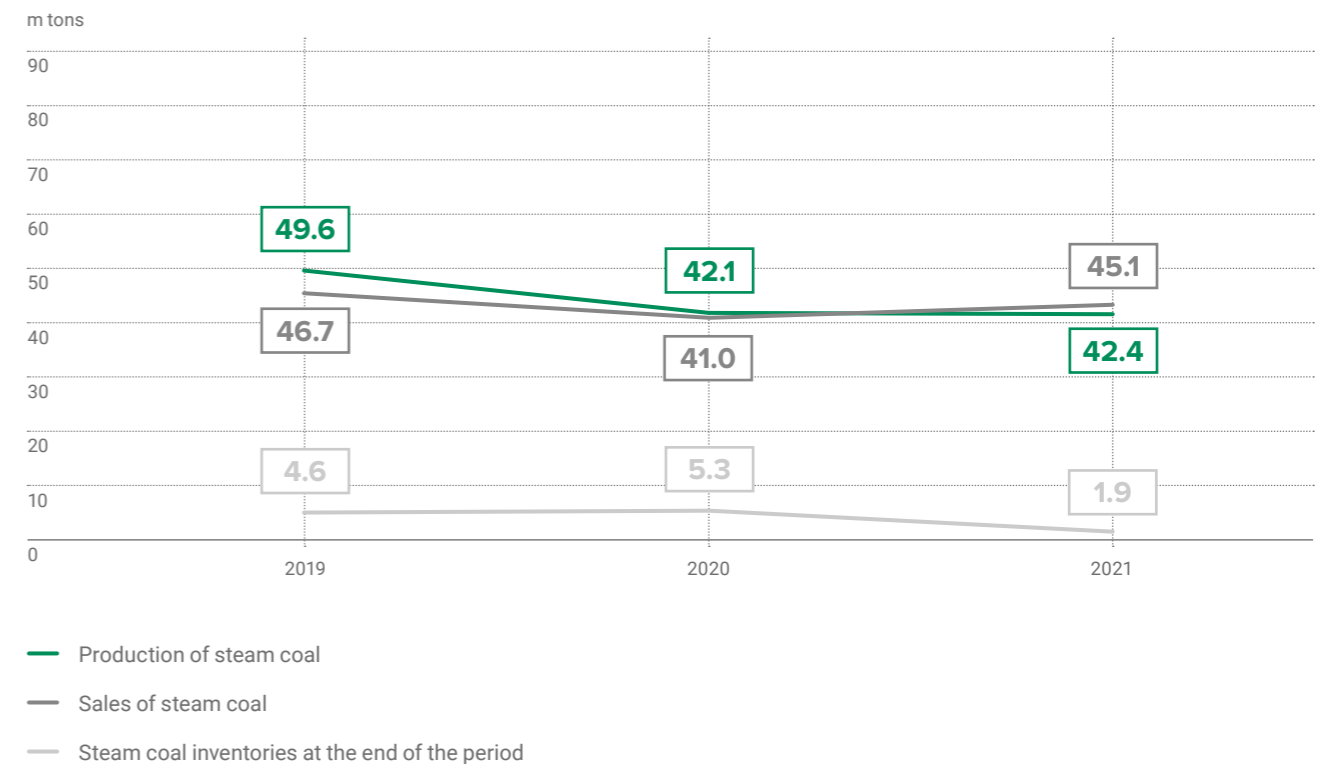
In 2021, approx. 45.1 million tons of steam coal were sold in Poland, of which approx. 43.0 million tons went to the domestic market. 37.4 million tons were in the form of fine steam coal.

Steam coal in Poland goes primarily to the so-called commercial power sector, i.e. to companies whose core business is the generation and transmission of electricity. Companies in this group took delivery of approx. 29.2 million tons of fine steam coal in 2021. The most important domestic buyers in the commercial power sector are:

- » PGE
- » Enea
- » Tauron
- » PGNiG
- » ENERGA

Poland's domestic mines produced approx. 42.4 million tons of steam coal in 2021 – 0.7% more than in 2020. Compared to 2020, steam coal sales in Poland increased by approx. 10%. At the end of 2021, steam coal inventories were 1.9 million tons (5.3 million tons at the end of 2020).

Production, sales and inventories of steam coal on the domestic market



Coal was the main fuel for electricity generation in Poland in 2021. It generated 138,404 GWh, 28,889 GWh (26.4%) more than in 2020. Coal was the source of 79.7% of Poland's total electricity production – its share in the fuel mix was 7.8% higher than in 2020.

The prices of energy commodities are influenced primarily by the prices of steam coal and raw materials alternative to steam coal (crude oil, natural gas, renewable sources) on global markets and, consequently, on the domestic market. This is critical to the business conducted by our mine.

In the domestic steam coal market, after price falls in H1 2021, prices stabilized and then rose dynamically from the beginning of 2022. The high increase in demand for coal in Poland is related to a decrease in supply from domestic producers as well as a reduction in raw material imports from the East. Undoubtedly, the price of energy commodities is affected by the armed conflict in Ukraine and sanctions targeting Russia. The high demand for gas and uncertainty in the

supply of raw materials translates into high demand for electricity from coal-fired power generation.

In 2021 and early 2022 (execution of deliveries from the contract concluded in 2021), our company made sales to Ukrainian customers to a relatively small extent (5.5% of sales revenues in 2021). In view of this fact, potential difficulties in the performance of the contract in 2022, will not have a significant impact on the operations and financial results of the LW Bogdanka Group. At the same time, the reduction of coal imports from Russia has significantly increased demand for steam coal, which also translates into an increase in the price of this raw material on the domestic market. Currently, we sell all of our production to Polish customers.



LW Bogdanka Group

3.1

Activity of the LW Bogdanka Group

GRI 102-1 | GRI 102-2

The Lubelski Węgiel Bogdanka Group is one of the leaders of the hard coal producer market in Poland. We stand out from the industry in terms of financial performance and coal mining efficiency. The coal we sell is used predominantly for the production of electricity and heat. LW Bogdanka's customers are mainly industrial companies, primarily those operating in the power sector, located in eastern and northeastern Poland. We are part of the Enea Group, one of the leaders of the Polish energy market¹.

What you should know

LW Bogdanka S.A. is the parent company of the LW Bogdanka Group. It generates 99.8% of the Group's consolidated revenues. The activities of the subsidiaries have primarily supporting functions.

GRI 102-3

The headquarters of our organization is located in Bogdanka, Puchaczów township, Lubelskie Voivodeship. The Group focuses its operations predominantly on Poland. In 2021, we also sold our coal – indirectly and on a small scale directly – to Ukraine. The value of our exports was PLN 130.7 million, which accounted for 5.5% of sales revenues.

What you should know

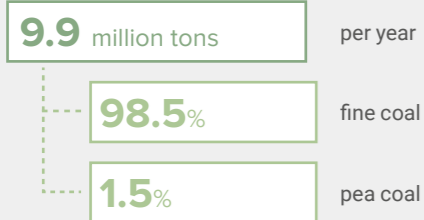
The Bogdanka mine is located in the Central Coal District (CRW), in the northeastern, best-explored part of the Lublin Coal Basin. Geographically, the Central Coal District lies within the boundaries of the Polesie Lubelskie region, with only small portions stretching to into the Lublin Upland. Bogdanka is the only hard coal mine in Poland located outside Upper Silesia.

¹ This report pertains to the year 2021. In June 2022, the Council of Ministers adopted a resolution on measures aimed at acquisition of shares in Lubelski Węgiel Bogdanka by the State Treasury.

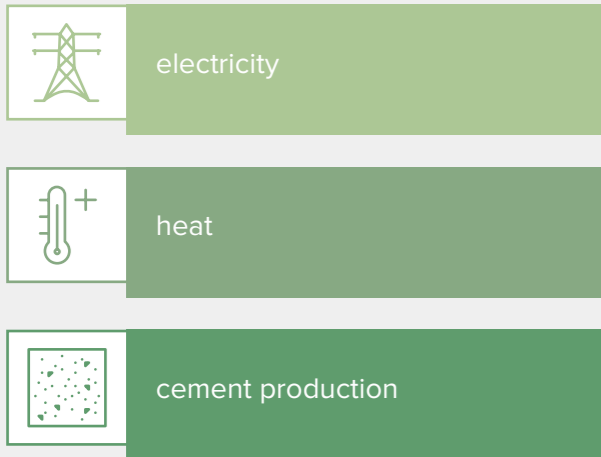
The company has been listed on the Warsaw Stock Exchange since 2009.

GRI 102-4 GRI 102-6 GRI 102-7

Production



Application

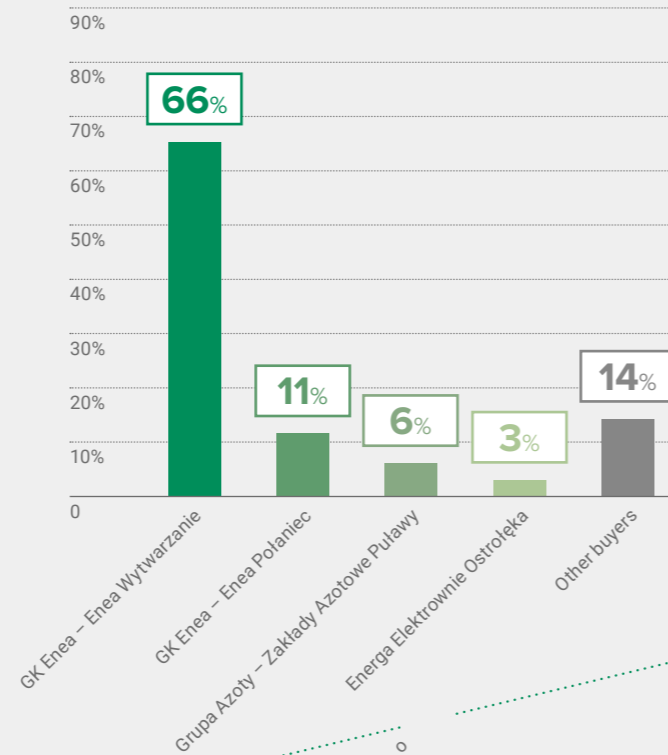


Three mining fields

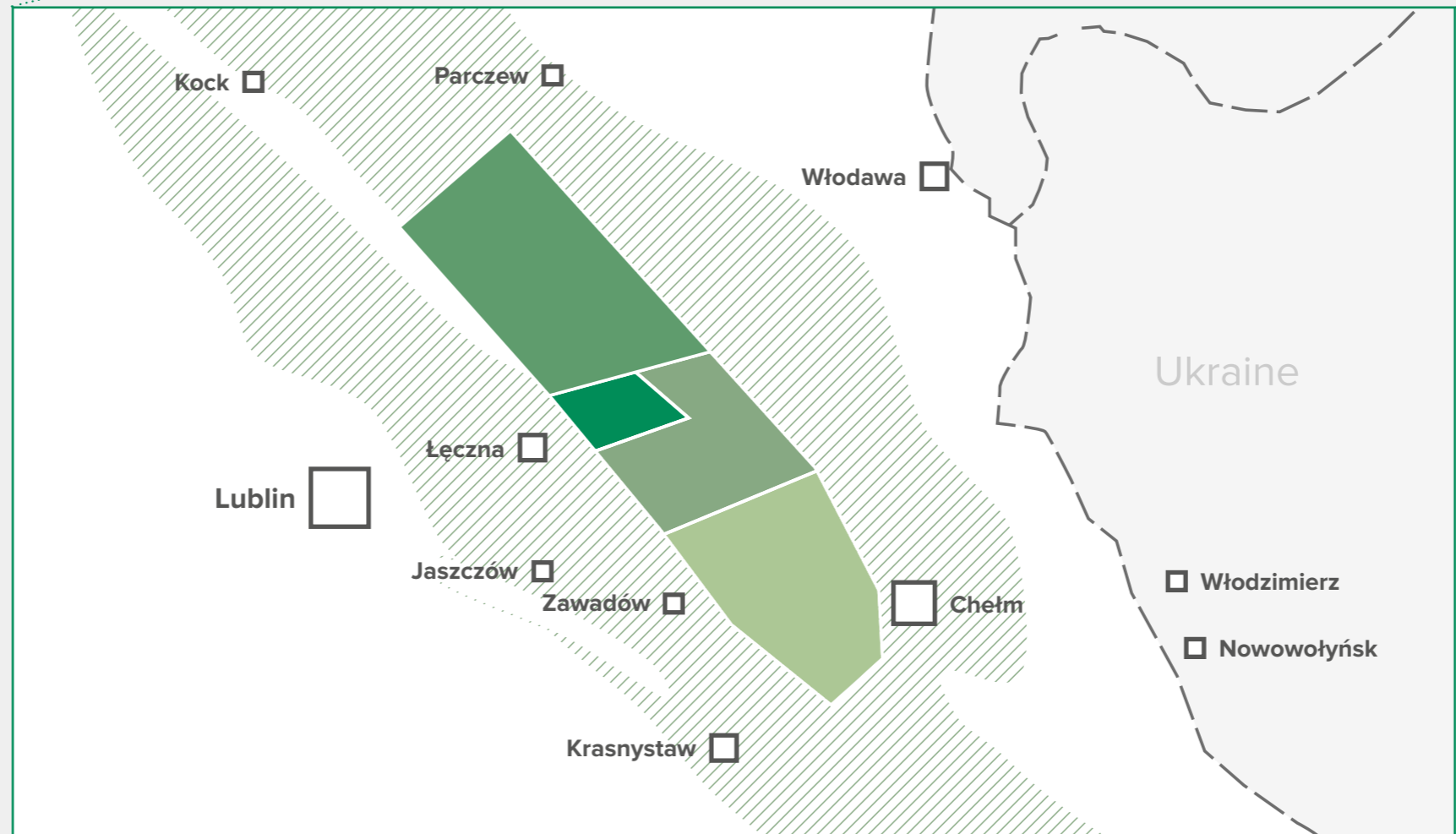
- Bogdanka
- Nadrybie
- Stefanów

50 years
Our resources are sufficient for about 50 years of mining.

Buyers (% of revenue)



- Lubelski Węgiel „Bogdanka” S.A.
- Northern Coal Region
- Central Coal Region
- Southern Coal Region
- Coal deposits



Production and sales of the Company's commercial coal [000s tons]

	2020	2021	Change	Change %	
Gross coal production	11,899	14,308	2,409	20.2%	↗
Production of commercial coal	7,612	9,935	2,323	30.5%	↗
Yield (%)	64.0%	69.4	5.4 p.p.	8.4%	↗
Sales of commercial coal	7,670	10,036	2,366	30.8%	↗
New workings (km)	25.7	23.2	-2.5	-9.7%	↘

Structure of revenues [%]

	2020	2021
Sales of coal	97.4%	97.5%
Other business	1.9%	1.7%
Sales of goods and materials	0.7%	0.8%
Total	100.0%	100.0%

Dynamics of changes in the sales revenue mix [000s PLN]

	2020	2021	Change	Change %	
Sales of coal	1,775,588	2,311,508	535,920	30.2%	↗
Other business	34,249	40,959	6,710	19.6%	↗
Sales of goods and materials	12,275	18,813	6,538	53.3%	↗
Total	1,822,112	2,371,280	549,168	30.1%	↗

GRI 102-10

In 2021 there were no significant changes in LW Bogdanka's size, structure, form of ownership or value chain.

3.2

Management and corporate governance

We have implemented an Integrated Management System at LW Bogdanka. It consists of a Quality Management System, an Environmental Management System and an Occupational Health and Safety Management System. We rely on the renowned ISO 9001:2015, ISO 14001:2015, PN-N-18001:2004 standards.

Best practice

In May 2021, LW Bogdanka was audited for re-certification under ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 standards. The audit found no irregularities and confirmed that our organization's management system is maintained and improved, in accordance with the requirements of the standards.

Our vision, mission and strategic goals are described in the Integrated Management System Policy. The policy also includes the management board's commitment to respect the provisions of the document, which were developed jointly with representatives of the company's employees and top management.



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.

Responsible corporate governance

GRI 102-18

We are creating a modern and dynamically managed organization that guarantees its employees and shareholders legal security, compliance with the best market practices and financial transparency. The statutory bodies of LW Bogdanka are:

- Shareholder Meeting
- Supervisory Board
- Management Board

There were no changes in the composition of the management board in 2021. The president of our company is Artur Wasil. In addition, as at 31 December 2021, the following persons sat on the management board:

- Artur Wasil**
President of the Management Board
- Dariusz Dumkiewicz**
Vice-President of the Management Board for Development
- Adam Partyka**
Vice-President of the Management Board for Labor and Social Affairs
- Artur Wasilewski**
Vice-President of the Management Board for Economic and Financial Affairs

In March 2022, the Supervisory Board appointed a Vice-President for Operations, Kasjan Wyligała.

On 20 June the company's Supervisory Board adopted resolutions to appoint, as of the day following the date of the Company's Ordinary Shareholder Meeting approving the financial statements for the 2021 financial year, the Management Board for a new term of office with the following composition:

- Artur Wasil**
President of the Management Board
- Dariusz Dumkiewicz**
Vice-President of the Management Board for Trade and Investments
- Adam Partyka**
Vice-President of the Management Board for Labor and Social Affairs
- Artur Wasilewski**
Vice-President of the Management Board for Economic and Financial Affairs
- Kasjan Wyligała**
Vice-President of the Management Board for Strategy and Development

The Supervisory Board Chairperson is Anna Chudek, the Vice-Chairman is Marcin Jakubaszek, and the Secretary is Szymon Jankowski. In addition the following persons sit on the Supervisory Board:

- Dariusz Batyra
- Krzysztof Gigoł
- Bożena Knipfelberg
- Zbigniew Rak
- Bartosz Rożnawski
- Grzegorz Wróbel

In June 2021, the Company's Extraordinary Shareholder Meeting dismissed Iwona Gołden and Michał Stopyra from the Supervisory Board, and appointed Bożena Knipfelberg and Zbigniew Rak in their place.



See more online

Biographies of the members of the Management Board and the Supervisory Board are available on our website in the ABOUT THE COMPANY / AUTHORITIES tab.

See more



In 2021 LW Bogdanka acted in accordance with the Best Practices for WSE Listed Companies 2021. Our intention is to apply all corporate governance principles. However, due to the fact that some of the principles may create excessive burdens, we have waived some of the principles in individual cases – mainly concerning communications with investors. We present the details, along with the reasons, in the Management Board Activity Report for 2021, available online at www.ri.lw.com.pl, in the section “Specification of the applied set of principles and corporate governance principles that have been waived.”

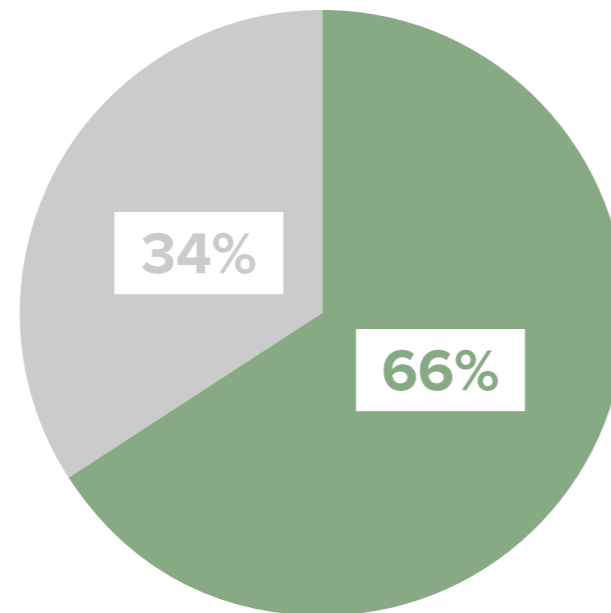
We keep abreast of changes required by external laws and regulations relating to reporting issues. Financial reporting is overseen by the Audit Committee, and it is the responsibility of the Supervisory Board to ensure that the company’s financial statements and activity report meet the requirements prescribed by law. The company also has an Internal Audit Department, and the internal control system is based on the principles of independence and covers all the company’s processes.

GRI 419-1 GRI 307-1

In 2021, no fines or non-monetary sanctions were imposed on our company for non-compliance with laws or regulations in the socio-economic and environmental areas.

GRI 102-5

Shareholders holding directly or indirectly significant stakes in the Company



■ ENEA Group*
■ Other

Number of shares / votes at the Shareholder Meeting

ENEA Group*	22,448,834	66,0%
Other	11,564,756	34,0%
Razem	34,013,590	100,0%

* according to a notification received on 30 October 2015, Enea SA holds 64.6% of the number of votes, Enea SA together with its subsidiary Enea Wytwarzanie holds 66.0% of the number of votes (for more information, see Current Report No. 39/2015)

Risk management

GRI 102-11

We identify, control and minimize potential risks to our business. The company has implemented Enea Group’s Integrated Enterprise Risk Management System which supports taking decisions that maximize profits at an acceptable risk level. The Supervisory Board, the Management Board, the Audit Committee, as well as the Risk Management Department and risk owners, i.e. managers of organizational units, are involved in the implementation of the risk management system.

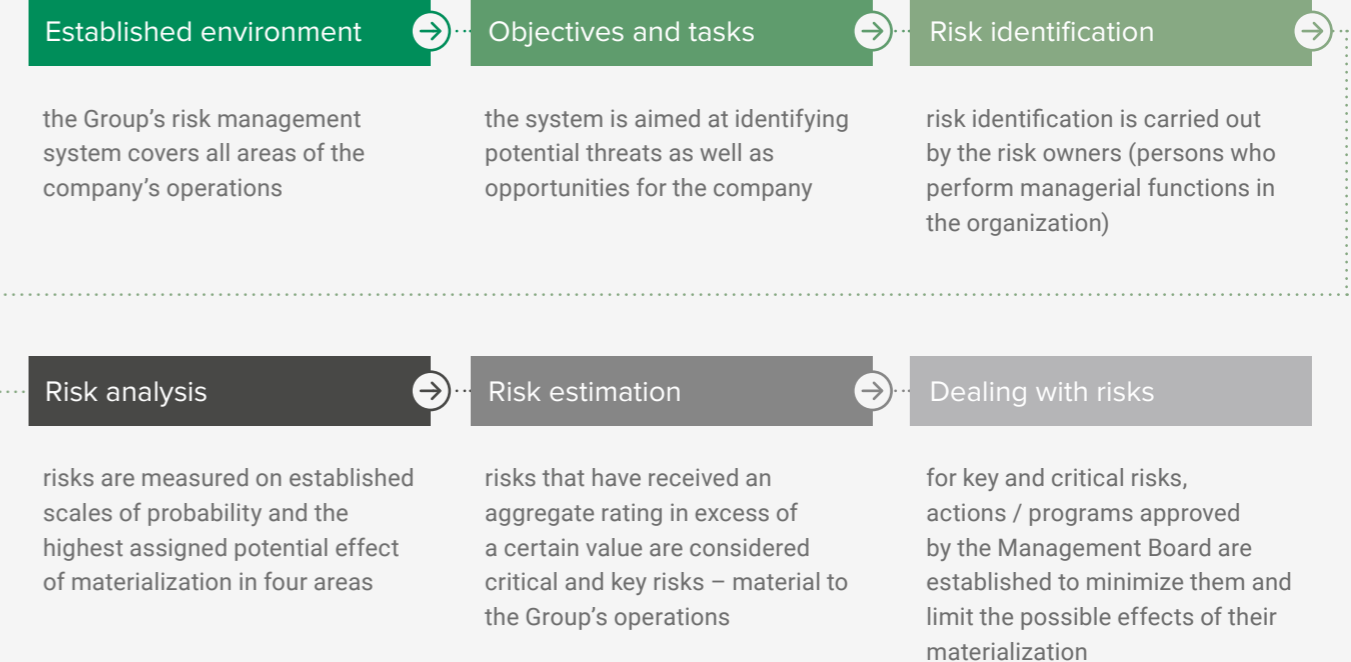
Best practice

The risk management system is regularly updated and adapted to the changing environment, results and our new experiences. In 2020, the risk associated with retaining and attracting employees for the company was added to the operational area.

The Integrated Enterprise Risk Management System operates on the basis of:

- Enea Group’s enterprise risk management policy
- Enea Group’s enterprise risk management methodology – ERM procedures
- LW Bogdanka Group’s risk register
- LW Bogdanka Group’s risk map
- list of key and material risks of the LW Bogdanka Group
- programs of actions to minimize the key risks in the Parent Company

Risk management process



Principal risks identified for the company

 Environment and market	<ul style="list-style-type: none"> » Risks associated with the socio-economic situation in Poland and globally, » Risks associated with the state's economic policy towards the coal mining sector, » Risks associated with the development of energy commodity prices in Poland and globally, » Risks associated with the uniqueness of the operations in the mining sector and the possibility of occurrence of unpredictable events, » Risk of restrictive EU climate policies on, among other things, CO₂ emissions, » Epidemic risk, » Risks related to the armed conflict in Ukraine.
 Operational risk	<ul style="list-style-type: none"> » Risk associated with the launch of production from new deposits of LW Bogdanka, » Technical and technological risks, » Risk associated with the high cost of the technologies used by LW Bogdanka, » Risk of IT system failures, » Risk of customer insolvency, » Risk associated with the strong position of labor unions, » Key supplier risk, » Risk of supplier price collusion, » Risk associated with retaining and attracting employees for the company.
 Legal and financial risk	<ul style="list-style-type: none"> » Insurance risk.
 Environmental protection risk	<ul style="list-style-type: none"> » Risk associated with reclamation and mining damage, » Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits, » Risk associated with the management of waste generated after the expansion of the mining area, » Investment risk associated with the presence of protected areas.
 Legal risk	<ul style="list-style-type: none"> » Risk of changing tax laws, » Property tax risk in relation to LW Bogdanka's mine workings, » Risk of changing the law and its interpretation and application, » Risk of violating stock exchange disclosure obligations, » Risk of prolonging the process of issuing administrative decisions on the conduct of mining operations.

Compliance

All operations undertaken by the company comply with the law and our internal regulations. Compliance management at the company covers three areas – compliance of operations with generally applicable laws, compliance with the company's internal acts, and compliance with ethical standards. The Compliance Policy Department monitors ongoing compliance with the law and responds promptly if irregularities arise. In addition, since 2020, the company has had a Compliance Policy in place.

Best practice

Employees can contact the Compliance Policy Department via e-mail, telephone or the website www.lw.com.pl (compliance tab). The company received no requests for advice on compliance issues in 2021.

The key compliance documents at LW Bogdanka are:

-  Company's Articles of Association
-  Management Board Bylaws
-  Supervisory Board Bylaws
-  Shareholder Meeting Bylaws
-  Organizational Bylaws
-  Work Rules and Regulations
-  Company-Level Collective Bargaining Agreement
-  LWB Code of Ethics
-  Whistleblowing Policy
-  Compliance Policy

We promote employee knowledge about the importance and functioning of the company's compliance system. These issues have been the subject of training, with 290 employees participating in 2021.

3.3

Ethics and anti-corruption

LW Bogdanka's values

GRI 102-16



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.

We are committed to high ethical standards in the work environment. We treat every employee with respect. We want employees to know that they are treated fairly in the company and that their work is appreciated. We are committed to ensuring that every person employed at LW Bogdanka is proud to work in our organization and knows that we provide employees with stability and a "safe tomorrow."

Each employee throughout our Group is bound by a uniform Code of Ethics. It sets the basic principles and standards of ethical behavior at work. The code clearly states ethical principles and examples of potential problematic situations. Employees will also find information on who to turn to for advice and assistance on ethical issues. Our ethical values are communicated to employees on an ongoing basis through billboards, charts, boards and multimedia systems.

Selected issues described in the Code of Ethics:

- ✓ compliance
- ✓ integrity
- ✓ professionalism
- ✓ confidentiality
- ✓ conflict avoidance
- ✓ apoliticality

- ✓ relations between employees
- ✓ protection of confidential information
- ✓ competitive activity
- ✓ conflict of interest
- ✓ corruption



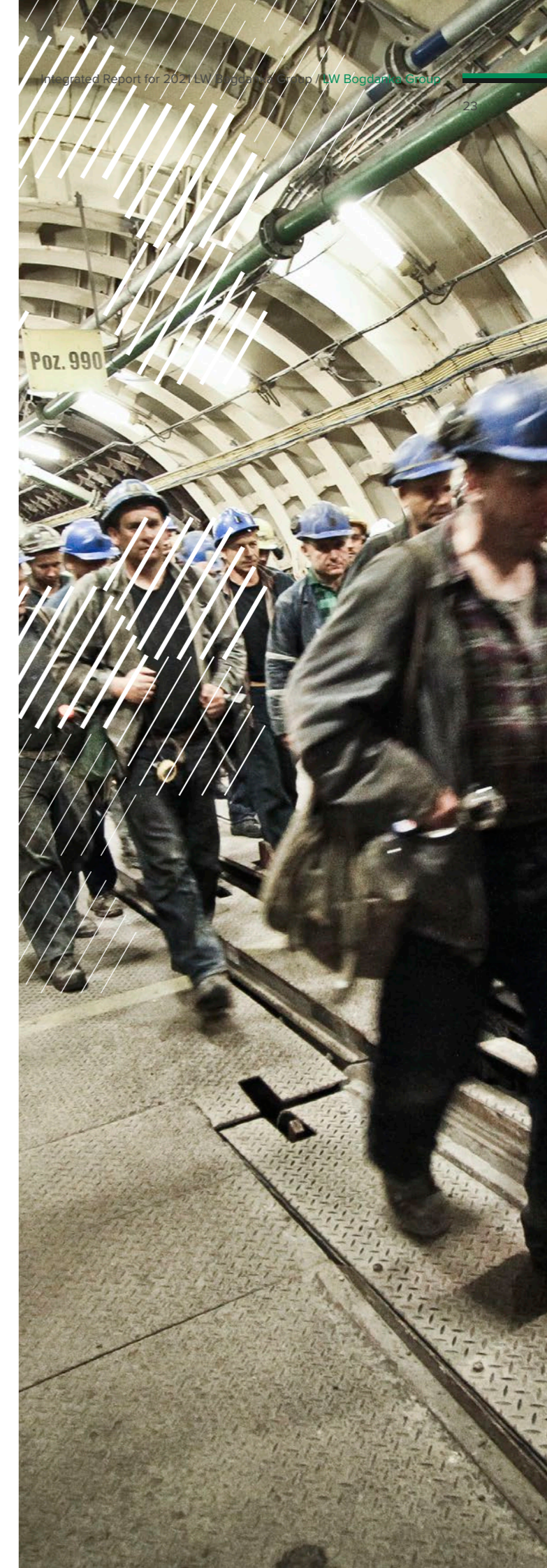
See more online

Our Code of Ethics is a public document and is available on the company's website in the OUR RESPONSIBILITY / COMPLIANCE tab.

[See more](#)

Best practice

We also require compliance with the Code of Ethics from employees of subcontracted companies working at LW Bogdanka. These individuals also have the possibility to report potential violations of the Code using the same channels as full-time employees.



Best practice

GRI 102-17

We enable all employees to provide information on potential irregularities or unethical behavior. Employees can contact the Compliance Policy Department and the Management Board's Compliance Representative through special whistleblowing channels – by email, phone, mail or using the anonymous online reporting form available on the website. Employees can also use mail boxes located at all three mining fields and in the Management Board building, which also allows information to be submitted anonymously.

In 2021, we received 14 complaints and concerns regarding non-compliance with the Code of Ethics.

In 2021, we received 24 reports of violations including: 14 reports of non-compliance with the Code of Ethics, 4 reports of non-compliance with the law or internal regulations, and 6 reports in the other category.

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Compliance and anti-corruption

There has never been, there is not and there will not be any acquiescence in the company to any corrupt activities, regardless of position or circumstances. We do not promise, offer, give or accept any undue benefits in exchange for an action or omission. We have also introduced clear guidelines for accepting and offering gifts – such situations are allowed only if they involve small promotional gifts.

We also prevent potential conflicts of interest. During initial 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 Director of the Management Board Office.

GRI 205-1 | GRI 205-3

We constantly analyze our operations for corruption and monitor incoming reports. In 2021, 100% of the units in the LW Bogdanka Group were analyzed. The analysis conducted did not reveal any significant corruption risks and there were no cases of corruption recorded.

GRI 205-2

Anti-corruption training

Number of members of the company's governing bodies who were informed about anti-corruption policies and procedures, regardless of the form of information (oral, remote, etc.)	13
Number of members of the company's governing bodies who have received anti-corruption training (in any form: stationary, remote, webinars, etc.)	4
Percentage of the company's employees who have been informed about anti-corruption policies and procedures, regardless of the form of information (oral, remote, etc.)	100%

3.4

Sustainable supply chain

GRI 102-9 | GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Procurement practices and social and environmental assessment of suppliers

LW Bogdanka's supply chain consists of 256 small, medium-sized and large companies, the vast majority of which are from Poland. We are a large, stable and reliable organization with which cooperation represents an attractive business opportunity for many suppliers. We develop entrepreneurship in our region by increasing the economic security of the residents, indirectly creating jobs and providing tax revenues. We combine our economic impact with positive social and environmental change among business partners.

What you should know

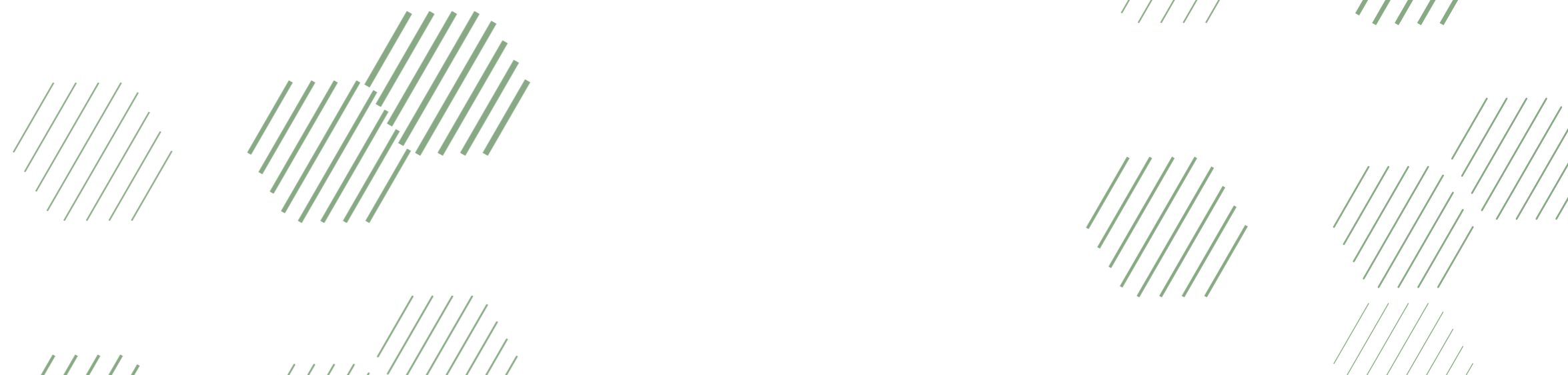
Our core business of mining and selling hard coal is accompanied by other tasks carried out by our subsidiaries. These include heat generation, water treatment and supply, wastewater collection or transportation services. From the point of view of the mine's supply chain, it is crucial to purchase from such electricity suppliers whose constant and stable supply guarantees the operation of heavy underground equipment, drainage pumps and air-conditioning systems.

GRI 308-1 | GRI 414-1

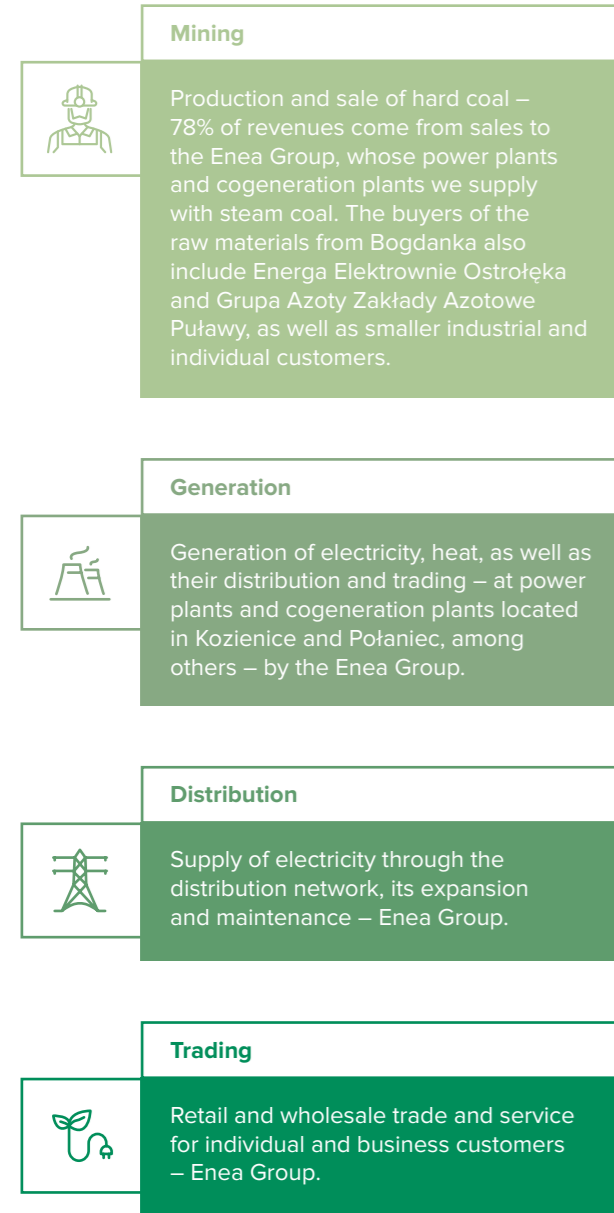
The company has in place a *Code of Conduct for Suppliers*. The document regulates issues related to guaranteeing human rights, preventing discrimination, occupational health and safety, and environmental protection, among others. When carrying out procurement proceedings, we evaluate all companies seeking a contract with LW Bogdanka from an environmental and social perspective. Any supplier who wants to cooperate with us must submit a special form and statement to this effect.

GRI 308-2 | GRI 412-2

In 2021, no business partner received a negative rating after verification of environmental or social impacts in the supply chain.



LW Bogdanka in the ENEA Group value chain



Best practice

In view of the coronavirus threat in 2021, we have introduced detailed rules of conduct during performance of work at the mine by subcontracted workers.



3.5

Creation of value

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Performance and indirect economic impact, market presence

Value creation model

The core of LW Bogdanka's business organization is transparency and responsible management. Our value creation model is based on analyzing six capitals and their correlation with the company's strategic goals. The goals and capitals intersect and ongoing dialogue with the stakeholders is an integral part thereof.

Our capitals:

Financial capital

Financial capital is the pool of funds that the company has in order to be able to conduct business activity and includes, among other things, receivables, equity and grants (subsidies).

Production (operational) capital

Production capital is the facilities that the organization uses in the coal production process. These include equipment, buildings and infrastructure (e.g. roads, wastewater treatment and water treatment plants).

Intellectual capital

Intellectual capital consists of intangible assets, i.e. intellectual property, patents, copyrights, software, rights and licenses, procedures and protocols.

Human capital

Human capital is the competence, skills and experience of the employees, the relations in the organization, including the approach to risk management, ethical values and the implemented strategy of the organization.

Social capital

Social capital encompasses shared norms, values and behaviors, as well as key stakeholder relations based on trust. It also includes the organization's commitment to development and efforts to establish permanent relationships with external stakeholders.

Natural capital

Natural capital consists of all renewable and non-renewable environmental resources and processes that affect the current or future well-being of an organization. It comprises air, water, biodiversity, ecosystem, among others.



Business Model

Companies of the Enea Group, which is also the majority shareholder of the mine, are our largest customer. Cooperation with major customers is based on long-term commercial agreements. The fact that the Group has a buyer of the raw material within its structure increases the stability and security of its operations.

GRI 201-1

Economic value generated (revenue) [PLN]

2,371,280 thousand

Economic value distributed [PLN]

2,137,891 thousand

of which:

operating expenses [PLN]

1,267,650 thousand

workers' remittances [PLN]

735,178 thousand

payments to providers of capital [PLN]

0

payments to government [PLN]

134,369 thousand

social investments [PLN]

694 thousand

Economic value retained [PLN]

233,389 thousand



3.6

Mine of the future

Acting today, we think about the future. At LW Bogdanka, we are aware of the challenges that the entire mining industry faces, not only in Poland. We know that the changes are necessary and inevitable. At the same time, we also understand that coal is still an indispensable raw material for the national economy, and the jobs that we create, directly and indirectly, are crucial to the development of the entire region in which we operate.

We want to change in a smart way. We are conducting our transformation in a thoughtful and rational manner so as to take the best care of the company and, above all, the people connected with it. We operate on the basis of our LW Bogdanka Development Strategy, which addresses the challenges raised by the market environment and stakeholders. We combine continuity and transformation, trusting that this is the only approach that will allow us to look boldly into the future.

The key assumptions of our strategy are as follows:

- » focus on two products, i.e. production of hard coal and coking coal. This is our solution to the shrinking market for steam coal. We want to gradually expand beyond our core business, which will allow us to maintain our current position in the labor market and open up new business opportunities. It is projected that non-core business revenues will account for 30% of total revenues by 2040. Coking coal is on the EU's list of strategic raw materials.
- » diversification, i.e. expansion of business areas. We envisage an increase in the share of the so-called green initiatives (production of components for RES, development of RES) and development of surfaces following mining operations.
- » identifying, appraising and documenting new coal resources (coking coal – type 35).



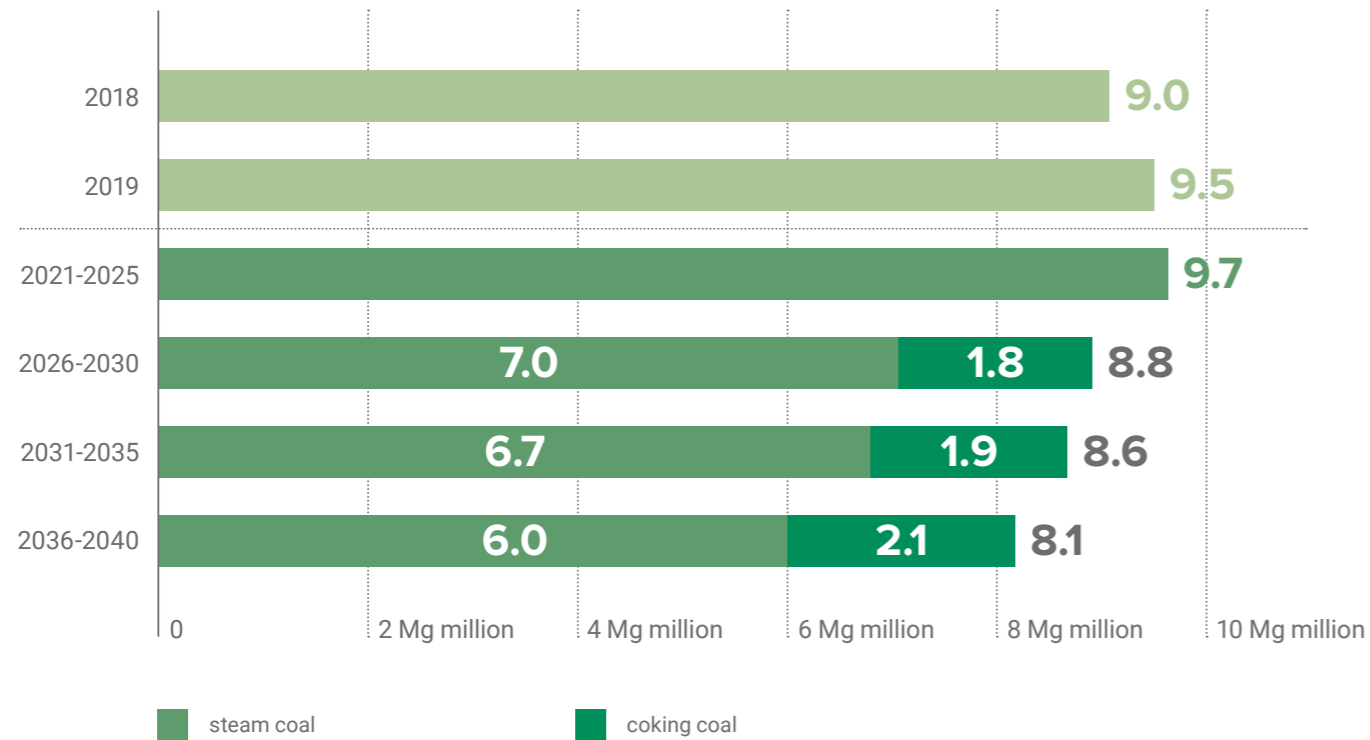
The implementation of non-core business activities will create new jobs. Some of the employees currently employed in mining will have the opportunity to move on to new jobs that will be created within the organization.

In line with the strategy, we will endeavor to remain the most cost efficient producer of steam coal in Poland, which effectively competes with other coal producers and suppliers at the same time maintaining the present production potential until 2040. The works on updating the Business Strategy, including ESG aspects, began in 2022. The document is to be adopted in the autumn of 2022.

Best practice

Our strategy is consistent with the draft Territorial Plan for Fair Transformation for the Lubelskie Voivodeship and conforms to the government's strategy of the mining industry restructuring. The plans are supported by the Ministry of State Assets and the Government. The strategy is a response to the challenges depicted in the draft of Poland's Energy Policy until 2040.

Estimated annual production volume



Pillars of the Development Strategy of LW Bogdanka



1 Bogdanka takes actions to the benefit of climate and environment

- » sustainable use of spoil tips
- » development of technology for utilization of mine waste
- » supporting the local natural environment
- » just transformation of mining areas



4 Bogdanka is efficient

- » independent roof bolt support
- » geomechanical model
- » rock mass monitoring based on state-of-the art technology
- » development of the resource base



2 Bogdanka cares about safety

- » organizational occupational safety improvement program
- » technological occupational safety improvement program



5 Bogdanka is a mine of smart solutions

- » research and development activity and innovativeness
- » technical and management standards in the process model
- » industrial revolution 4.0
- » Internet of Things



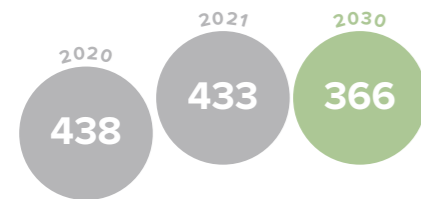
3 Bogdanka is a good workplace

- » measures to support employees:
- » a solution to reduce work onerousness
- » investing in development of employees' skills



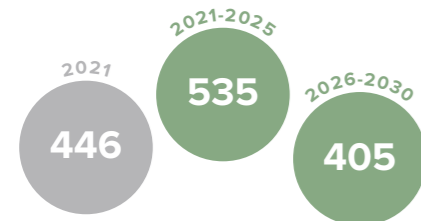
Implementation of the development strategy of LW Bogdanka S.A. in 2021

Recoverable reserves [Mg million]



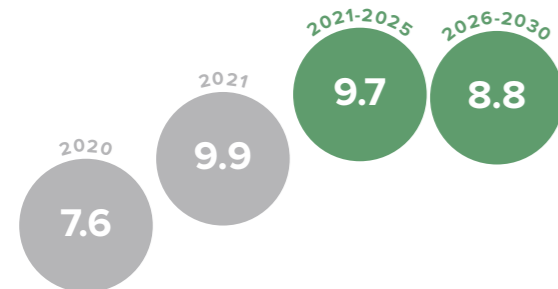
CAPEX* [PLN million]

Average annual expenditures on fixed assets under construction



Production [Mg million]

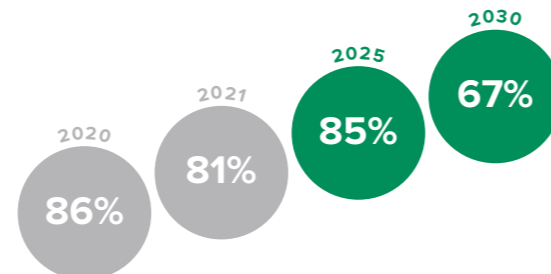
Annual production volume



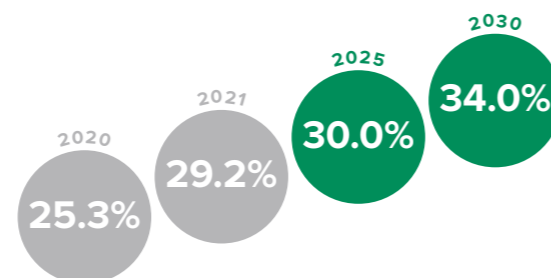
* The measure values do not take into account capital expenditures and effects from the implementation of strategic initiatives. A similar price of steam coal and coking coal expressed in PLN/GJ was assumed for the analysis.

Market

Own annual consumption of coal (Enea Group)

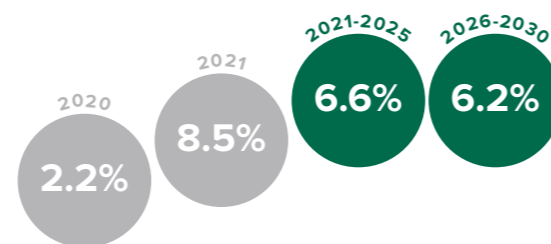


Market share of coal for the commercial power sector

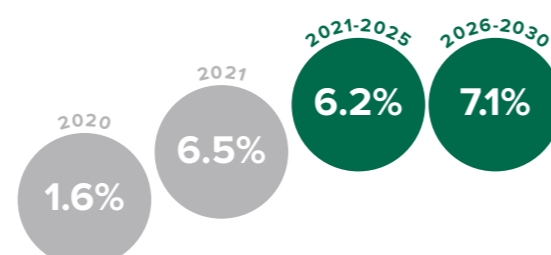


Financial*

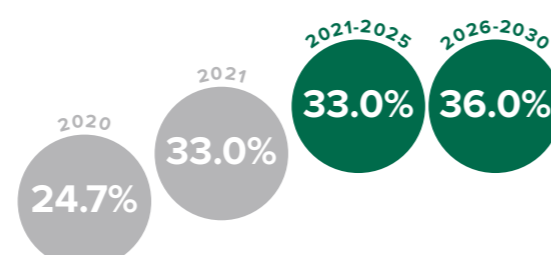
Return on Equity (ROE)



Return on assets (ROA)



EBITDA margin



See more online

The subsidiaries' development strategy is described in the 2021 Management Board Report on page 16.

[See more](#)



Best practice

Key areas of our business transformation will include:

- » development of land after end of mining operations
- » circular economy
- » industrial water treatment
- » other methods of coal processing
- » utilization of waste heat
- » manufacture of components for RES and recycling
- » photovoltaic farm
- » unmanned aircrafts

Revenue from non-core business will grow, and we estimate that it will be 5% in 2025, 10% in 2030, and 30% in 2040.

The *LW Bogdanka Social Responsibility Strategy for 2018-2021* is an integral part of our activities in the field of strategic development. The document defines four main directions and objectives in each area.

Best practice

As the 2018-2021 Sustainable Development Strategy expires, we plan to develop a new ESG strategy in 2022.

Ensuring the highest level of occupational safety

- Eliminating fatal and serious accidents;
- Reducing the accident frequency rate among LWB employees;
- Reducing the accident frequency rate among LWB employees;
- Taking actions to reduce the number of accidents among subcontractor employees;
- Maintaining a low level of occupational diseases;
- Eliminate occurrences of non-compliance with the applicable OHS procedures;
- Stepping up controls of documentation compliance with the requirements of OHS regulations.

Reducing the impact of activities on the safety of the local natural environment

- Protection of local biodiversity and rehabilitation of affected areas;
- Reduction of consumptions of raw materials, materials and energy in all processes within the company;
- Supporting and/or initiating projects in the field of education, sustainable development, biodiversity, environmental protection.

Ensuring safety and stimulating development of the local community

- Counteracting the effects of social consequences of mining damage;
- Counteracting negative social phenomena in the local environment;
- Actions to promote local community development;
- Promoting education and development in the mining industry;

Pursuing transparent and accountable management practices

- Developing unique skills and providing conditions for employees' professional development;
- Recognizing ethics as a key foundation of management culture;
- Building a culture of dialogue and openness in the workplace;
- Responsible sales practice;
- Promoting the development of corporate social responsibility in subsidiaries;
- Extending responsibility to the supply chain with a view to managing indirect impacts on the environment;
- Outstanding corporate social responsibility and community relations management.

Innovations

We intend to remain one of the most modern and efficient mines in Poland and Europe.

We enhance our efficiency and develop and invest in innovative solutions.

Production from a longwall with a seven-kilometer run, launched in 2020, is a flagship example of our innovative solutions. Our company, as the first hard coal mine in the world, has developed, implemented and launched – together with ABB and the AGH University of Science and Technology – an integrated prediction and monitoring system for the entire longwall system.

We have been developing a production and 3D geological model planning system for several years. In 2021, we moved a step further, deciding to implement Internet of Things solutions in a seven-kilometer hard coal longwall. The solution makes it possible to monitor the condition of critical equipment, such as engines, quenching and hydraulic systems or bearings, and also to predict the possibility of breakdowns through the use of appropriate algorithms.

This solution is based on a system collecting data from dispersed monitoring systems and equipment of the longwall system. Data are forwarded to be analyzed, and special software determines production KPIs, analyzes equipment utilization, and monitors the technical condition of machines in real time based on thousands of accumulated pieces of information.

At Bogdanka, a machine learning module has also been implemented to detect technical malfunctions that occur during mining operations. This enables operators to react in a timely manner and mitigate the risk of breakdowns. Special solutions compare current operating parameters of machines and equipment with nominal parameters, which are used as a reference. Every irregularity is immediately detected and reported.

Selected research and development projects carried out in 2021:

Geomechanical model – stage II

Facility map

Sustainable use of post-mining spoil tips

Implementation of human transport on belt conveyors in underground workings

MINRESCUE – from mining waste to valuable resources

Evaluation of feasibility and application of horizontal retention of excavated material in roadway excavations

Development of a system for monitoring inspections, acceptance of facilities, machines and equipment in a mine operation (check-list)

Construction of a test roadway with roof bolt support for testing behavior of the rock mass and the given working under the influence of operating pressure

Optimization of operation of longwall systems with a view to improving mining conditions

Managing a road header maintenance based on TPM methodology

Mining waste as a new natural by-product of the Bogdanka mine

Foreman's electronic notebook

Measuring system for the quality of excavated material in the main coal haulage lines





Stability and safety

4.1

Headcount and development

The Lubelski Węgiel Bogdanka Group employs nearly six thousand people. Their daily work, expertise, experience and commitment have allowed us to make our company one of the most sophisticated mines in Poland and Europe. A large majority of our employees are employed on a full-time, permanent basis. For newly hired employees, an indefinite contract is preceded by a trial or fixed-term contract. Other forms of employment such as contracts of mandate and management contracts are also used occasionally (covering a group of about 100 people).

We are the biggest employer in the Lublin region. Salaries at LW Bogdanka are among the highest in the hard coal industry and in the Lublin region. We directly ensure economic security of thousands of employees and their families. Thanks to our operations, small and medium-sized enterprises in the region

can hire employees and develop their businesses. This is particularly important in the Lubelskie Voivodeship which, according to Statistics Poland, suffers from one of the highest unemployment rates in Poland.



Employees of the company and other firms cooperating with LW Bogdanka and their families form a community of over 20,000 people related to the mine.

GRI 102-8*

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
I. Number of persons employed under employment contracts (as at 31 December 2021)*	4,907	95	76	702
women	282	10	3	14
men	4,625	85	73	688
II. Number of persons working for the company under a contract other than an employment contract with the company, including members of the management boards/managers employed based on management contracts, persons providing work under civil law contract with the company, persons providing work for the company employed by an employment agency, trainees (as at 31 December 2021)*	100	3	6	0

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
women	7	0	0	0
men	93	3	6	0
of which management board members employed based on management contracts, not employment contracts	4	1	1	0
Please specify all the types of contracts other than an employment contract that you have included in point II	contract of mandate, management contract	management services agreement, contract of mandate	contract of mandate, management contract	
III. Men and women under an employment contract, by employment type (as at 31 December 2021)*				
employment contract, indefinite term – women	218	9	3	10
employment contract, indefinite term – men	4,183	81	58	531
other contract types (probationary period, fixed term, traineeship and replacement contracts) – women	64	1	0	4
other contract types (probationary period, fixed term, traineeship and replacement contracts) – men	442	4	15	157
IV. Men and women under an employment contract, by work time basis (as at 31 December 2021)*				
full time – women	282	10	3	13
full time – men	4,622	83	72	687
part time – women	0	0	0	1
part time – men	3	2	1	1

* Ekotrans not included in the chart due to a low relevance (2 persons employed).

100% of LW Bogdanka’s workforce is covered by the collective agreement, and trade unions freely exercise their rights. We recognize the voice of employees as important feedback on the perception of our organization. We are in constant dialogue with the trade union organizations and organize meetings of staff with the Management Board. There is a Team dedicated to negotiations with the trade unions. We have been developing a friendly organizational culture, surveying job satisfaction and providing opportunities for promotion within the Group companies. We maintain the planned headcount levels that enable us to meet the business goals of our organization.

What you should know

There are six trade union organizations in the Group, four of which operate at LW Bogdanka. At the end of 2021, the number of members of the company’s specific trade unions was as follows:

- » “Solidarność” Independent Self-Governing Trade Union – 941
- » Trade Union of Miners in Poland – 1,508
- » “Kadra” Trade Union – 347
- » “Przeróbka” Trade Union – 370.

Overall, 3084 employees, i.e. 63.0% of the company’s total workforce, were members of trade union organizations.

GRI 102-41

% of employees covered by collective bargaining agreements

LW Bogdanka

Number of employees covered by collective bargaining agreements **4,907**

% of employees covered by collective bargaining agreements **100%**

Collective bargaining agreements do not cover employees of Łęczyńska Energetyka, MR Bogdanka, RG Bogdanka or EkoTrans.



Key documents regulating labor issues at LW Bogdanka:

Work Rules and Regulations
Company-Level Collective Bargaining Agreement
Rules and Regulations of the Company Social Benefit Fund
Policy of conduct in the process of employee recruitment and selection at Lubelski Węgiel Bogdanka
Code of Ethics
Compliance Policy of Lubelski Węgiel Bogdanka
Lubelski Węgiel Bogdanka Whistleblowing Procedure
Information Security Policy for ICT Systems

Policy of conduct with regard to development programs for LW Bogdanka employees
Policy of conduct with regard to training and integration meetings for LW Bogdanka employees
Group Education Policy

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Employment and labor relations

We counteract the generation gap

In 2021, 146 employees left LW Bogdanka. Most of them retired. At the same time, 118 persons were employed. Being aware of the risk of generation gap and the risk of outflow of employee skills, we have implemented the Generation Change Program. 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. Further stages include partnerships with schools and programs for future employees.

GRI 401-1*

Employee turnover within LW Bogdanka Group

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of new employees hired in 2021 under employment contracts:	118	2	4	246
of which women	27	0	0	10
of which men	91	2	4	236
of which employees under 30	53	0	2	118
of which employees aged 30-50	58	2	2	126
of which employees over 50	7	0	0	2

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Total number of departures** of the company employees under employment contracts in 2021:	146	3	6	198
of which women	23	0	0	6
of which men	123	3	6	192
of which employees under 30	14	0	1	104
of which employees aged 30-50	49	1	3	89
of which employees over 50	83	2	2	5

** The termination / expiry of the employment contract should be understood by the employee's departure.

Turnover rate with respect to all company employees under employment contracts in 2021 [%]				
Turnover rate	3.0	3.0	7.9	35.0
Turnover rate with respect to company employees under employment contracts in 2021 by gender				
women	8.1	0	0	1.4
men	2.0	3.0	8.2	33.6
Turnover rate with respect to company employees under employment contracts in 2021 by age groups				
Employees under 30	2.5	0	10.0	16.8
Employees aged 30-50	1.3	3.0	7.5	17.9
Employees over 50	13.7	3.0	7.7	0.3

* Ekotrans not included in the chart due to a low relevance (2 persons employed).



Addressing the generation gap also involves cooperation with trade schools and universities. LW Bogdanka has signed letters of intent in this respect with:

- 1 AGH University of Science and Technology in Krakow,
- 2 Mining School Complex in Łęczna,
- 3 School Complex in Ostrów Lubelski,
- 4 Power Engineering and Transportation School Complex in Chełm.

Best practice

Postgraduate studies in *Mining Enterprise Value Management*, with a curriculum tailored to the needs of Bogdanka, are offered in cooperation with AGH University of Science and Technology.

The company's activities are being noticed by potential candidates. In addition, in order to make it easier for new employees to start work, we have established a new role in the organization, i.e. an employee dedicated to supporting the adaptation process and to supervise the apprenticeships.

Best practice

1 person was employed under the "Przepustka do pracy" [Pass to Work] program. In line with the program and the employment plan, another 11 graduates will be hired in 2022.



GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Training and education

Training and development

We believe that the development of our employees is a way to develop our entire organization. Accordingly, we provide all employees with the opportunity to receive training to expand their skills and qualifications. We organize external and internal training, and the training topics are adjusted to the organization's business needs and the legal regulations.

Due to the pandemic, it was not possible to carry out all trainings in 2021, as the year before. Restrictions limited the training possibilities of the Employee Development and Technical Training Department. Mandatory OHS training sessions were mainly conducted online. Only those employees who were unable to participate remotely completed training in a traditional form. Overall, 4807 people have received periodic training related to occupational health and safety. 290 employees completed initial OHS training, and 648 non-LWB employees participated in training for third party entities.

GRI 401-1*

Average number of training hours by gender and employment category in LW Bogdanka Group

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
gender				
women	11.2	13.0	36.0	10.1
men	12.2	7.8	17.5	13.4
employment category				
senior management	12.8	22.5	36.0	12.0
middle management	10.6	9.2	8.0	19.8
specialists	9.7	6.7	19.2	7.5
other employees	12.9	8.7	18.7	13.1

* Ekotrans not included in the chart due to a low relevance (2 persons employed).

We also provided training on issues such as GDPR and contractual penalties. These were attended by 192 people online and 81 people in person.

2576 employees took part in hybrid and onsite training provided by third parties, and 350 – in online training. The training concerned, inter alia, rules of human transport on belt conveyors, labor law, the new act on public procurement, and the role of the Social Labor Inspector.

Best practice

We are committed to ongoing and transparent communication with employees. We convey information through e-mails, the internal Employee Portal and social media. We also publish our own newspapers: Bogdanka News and the "Bogdanka" company newsletter. In addition, announcements to employees are communicated on message boards.

Best practice

In 2022-2024, we intend to expand our training offering to include the Foreman Academy (development of shift foremen's skills) and an e-learning platform.

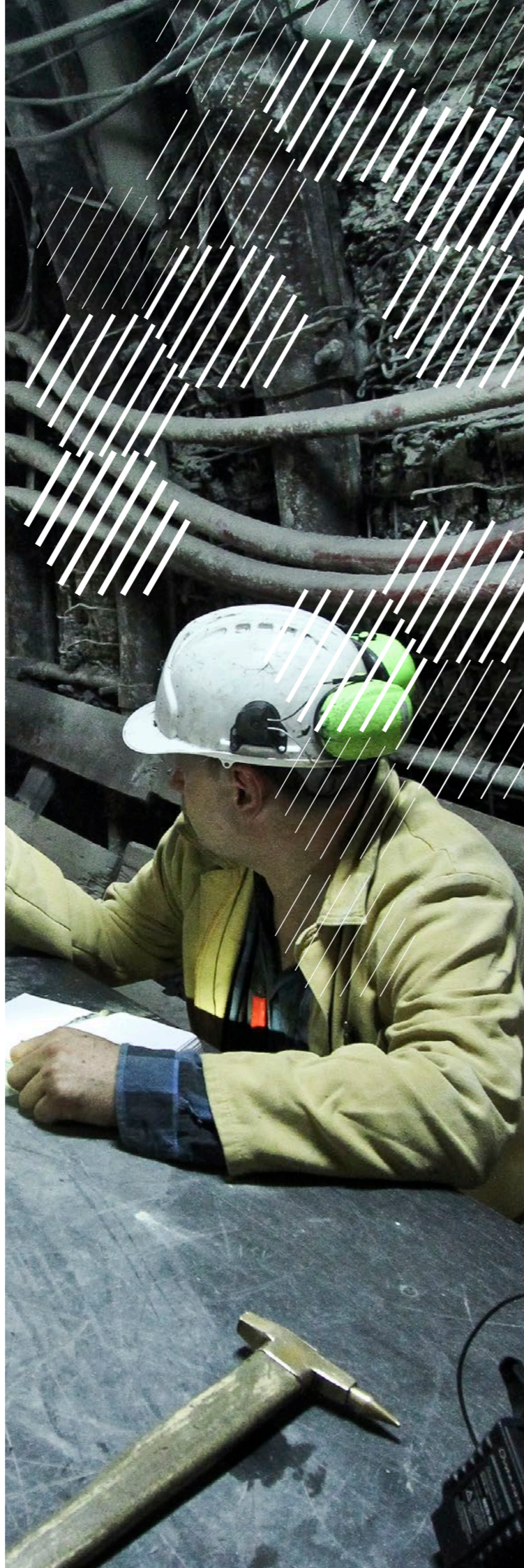
Employee benefits

At LW Bogdanka Group, we guarantee regular payments of salaries as well as attractive benefits. Additional non-salary benefits are available to all employees, and some are also provided to retired employees. In 2021, the cost of such benefits amounted to over PLN 9.1 million.

GRI 401-2

Selected benefits provided to employees of LW Bogdanka Group:

-  social allowances
-  co-financing of holidays for employees and their families
-  sporting facility subscriptions
-  events for employees
-  partial refund of costs of tickets for cultural events
-  partial refund of kindergarten costs
-  possibility to obtain loans for housing purposes
-  partial refund of costs of private medical care



Best practice

In 2022, we plan to expand the benefit package to include, among others, the opportunity to learn an additional language.

We also promote the well-being of our employees. Our flagship activity in this area is the "Aktywni w Bogdance" [Active in Bogdanka] program intended to support extra-professional interests of our employees. The program aims to build an organizational culture based on cooperation, dialog and involvement of the entire workforce. The 2021 awardees devoted their free time to nature conservation, science, arts and culture and sports, among others. The program also serves to implement the work life balance.

GRI 401-3

LW Bogdanka

	2021		
	women	men	total
Number of company employees who were entitled to parental leave from 1.01.2021 to 31.12.2021	12	272	284
Number of company employees who took parental leave between 1.01.2021 and 31.12.2021.	13	4	17
Number of company employees who returned to work after using their parental leave from 1.01.2021 to 31.12.2021	4	2	6
Number of company employees who returned to work after parental leave and were employed for a minimum of 12 months between 1.01.2020 and 31.12.2020	10	1	11
Number of company employees who returned to work after parental leave in the previous reporting year (2020)	10	1	11
Return to work indicator	30.8%	50.0%	35.3%
Employment retention rate	100%	100%	100%

Łęczyńska Energetyka

	2021		
	women	men	total
Number of company employees who were entitled to parental leave from 1.01.2021 to 31.12.2021	1	8	9
Number of company employees who took parental leave between 1.01.2021 and 31.12.2021.	0	0	0
Number of company employees who returned to work after using their parental leave from 1.01.2021 to 31.12.2021	0	0	0
Number of company employees who returned to work after parental leave and were employed for a minimum of 12 months between 1.01.2020 and 31.12.2020	0	0	0
Number of company employees who returned to work after parental leave in the previous reporting year (2020)	0	0	0
Return to work indicator	-	-	-
Employment retention rate	-	-	-

MR Bogdanka

	2021		
	women	men	total
Number of company employees who were entitled to parental leave from 1.01.2021 to 31.12.2021	1	0	1
Number of company employees who took parental leave between 1.01.2021 and 31.12.2021.	1	0	1
Number of company employees who returned to work after using their parental leave from 1.01.2021 to 31.12.2021	0	0	0
Number of company employees who returned to work after parental leave and were employed for a minimum of 12 months between 1.01.2020 and 31.12.2020	0	0	0
Number of company employees who returned to work after parental leave in the previous reporting year (2020)	0	0	0
Return to work indicator	0,0%	-	-
Employment retention rate	-	-	-

RG Bogdanka

	2021		
	women	men	total
Number of company employees who were entitled to parental leave from 1.01.2021 to 31.12.2021	1	1	2
Number of company employees who took parental leave between 1.01.2021 and 31.12.2021.	1	1	2
Number of company employees who returned to work after using their parental leave from 1.01.2021 to 31.12.2021	1	0	1
Number of company employees who returned to work after parental leave and were employed for a minimum of 12 months between 1.01.2020 and 31.12.2020	1	0	1
Number of company employees who returned to work after parental leave in the previous reporting year (2020)	0	0	0
Return to work indicator	100%	-	100%
Employment retention rate	-	-	-

4.2

Safety

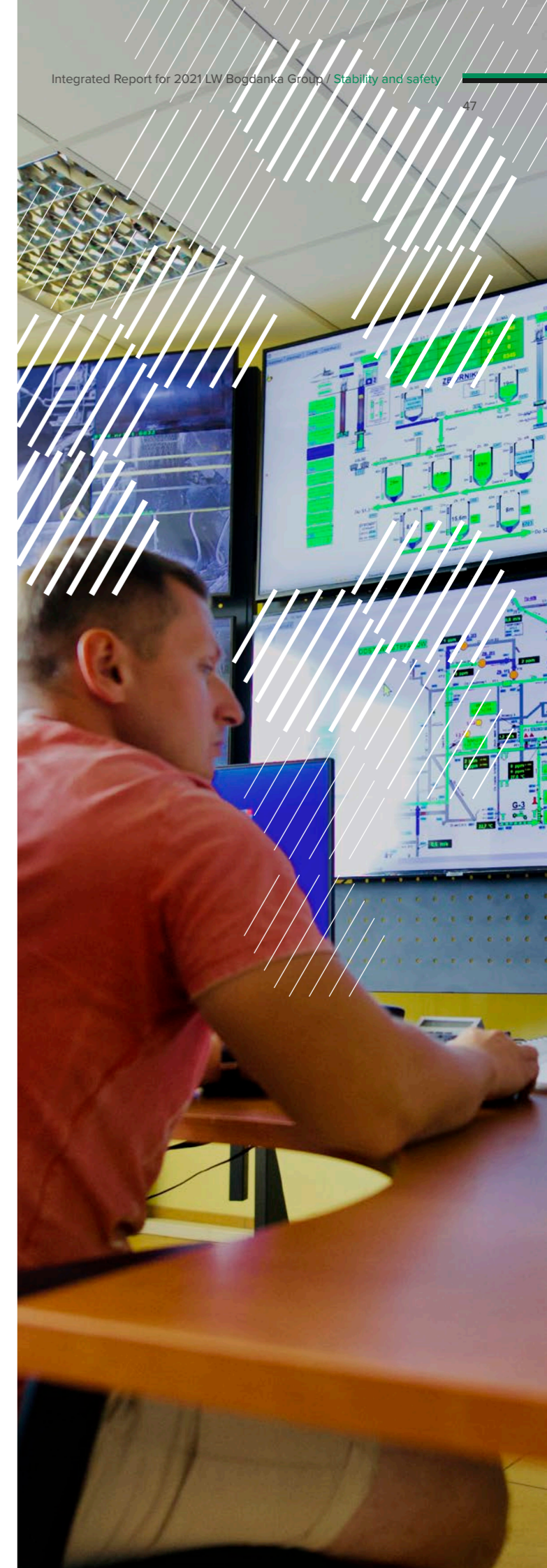
GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Health and safety

Safety of our employees has absolute priority and we never justify neglecting its principles. For obvious reasons, due to the specific nature of our organization, significant OHS risks are identified in the company. That is why we have implemented a comprehensive safety system to help all our employees return home healthy every day. We organize the extraction, ensuring proper conditions at the site, guaranteeing appropriate procedures and providing workers with all collective and individual protection equipment.

We only employ people holding appropriate qualifications and authorizations. We conduct extensive inspections of workplaces and check whether technologies, instructions and safety procedures are implemented and followed. During the inspections, we also review employees' knowledge of the risks they face and the use of appropriate protective measures.

We constantly engage in awareness-raising talks with employees regarding accountability in the event of violations of safe work practices and related accidents, breakdowns or near-accident events. During regular OHS training sessions, the background and causes of fatal, serious and mass accidents in the mining industry are discussed.



Best practice

GRI 403-1

The occupational health and safety management system covers all employees of LW Bogdanka and is based on the renowned ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

Our top priority is to reduce the number of occupational accidents, especially those related to movement in underground workings. We are constantly raising the standards of personal protective equipment and improving communication with the staff.

GRI 403-2

In accordance with our procedures, we identify work-related hazards and assess occupational risks on an ongoing basis. Supervisors conduct regular inspections of workplaces, and inspections of workplaces are also carried out directly by the persons assigned to them. Relevant services perform tests and analyses of the working environment parameters.

Best practice

Each employee is obliged, within the scope of their duties, to check the conditions in the workplace, in particular the tools and technical safety measures. In case of any irregularities, direct supervisor must be informed immediately. All employees can also report a near-accident event. Every person employed by our company is also informed that they may refrain from performing a task when working conditions do not comply with OHS regulations and present an immediate danger to the employee's health or life, or when the work performed by the employee entails such danger to other people.

Best practice

We have implemented a control hierarchy mechanism with a view to improving security, eliminating danger and mitigating risks. The hierarchy aims to protect the employees by putting together the methods by which the dangers can be controlled and selecting the most effective ones.

GRI 403-8

Workers covered by the OHS management system

Percentage of the company's employees covered by the OHS system	100%
Percentage of the company's employees covered by the OHS system that has been audited internally	100%
Percentage of the company's employees covered by the OHS system that has been audited or certified by a third party institution	100%

GRI 403-7

Formally, our actions to eliminate or reduce risks to the health of employees are described, inter alia, in the Safety Document, Mine Operations Plan, Mine Rescue Plan, and occupational risk assessment sheets. During the pandemic, separate documents also regulated measures to reduce the risk of spreading Covid-19 in the workplace.

OHS training

GRI 403-5

We require our employees to regularly update their knowledge of safety at work and improve their expertise in this area. Every new employee receives extensive initial training, which consists of general instructions and workplace specific instructions. General instructions are provided to all newly hired employees, as well as to students in apprenticeship, trainees and vocational school students participating in practical vocational training. Workplace instructions make it possible to understand the particularities of a specific job and occupational risks, as well as to become acquainted with ways to protect oneself and methods of performing one's duties in a safe manner.

People already employed at LW Bogdanka receive periodic training in OHS. Frequency of the periodic training depends on the significance of work-related risks. Employees that work underground are trained once a year, surface employees once every three years, and office employees once every six years.

We also provide specialized training for the management and supervisors of mine operations as well as training in the field of mine rescue.

Best practice

GRI 403-3 | GRI 403-4

When establishing safety rules, we work together with our employees. The company has established a dedicated OHS Committee which is composed of the employer's representatives, including OHS staff and an occupational physician, and the employees' representatives, including a social labor inspector. The task of the Committee is to review the working conditions, periodically assess the status of occupational health and safety, give opinions on measures to prevent accidents and occupational diseases. The Committee prepares proposals for improving the working conditions, and its meetings are held at least quarterly.

Policies, procedures and regulations related to occupational safety at LW Bogdanka include:

- Mine Safety Document
- Accidents at work and near-accident events
- Accidents on the way to or from work
- Management of occupational risk
- Monitoring of OHS area
- Monitoring of legal regulations and standards in OHS area
- Highly hazardous work
- Dealing with suspected occupational diseases
- Plans to improve OHS conditions
- Management of the Safety Document
- Work environment monitoring
- Work Rules and Regulations
- Guidelines and instructions of the Integrated Quality, Environmental and OHS Management System
- Code of Ethics
- Company-Level Collective Bargaining Agreement
- Ordinance of the Management Board and the Mining Operations Manager

Work-related injuries

GRI 403-9

	LW Bogdanka	Łęczyńska Energetyka	MR Bogdanka	RG Bogdanka
Number of all the reported accidents – company employees	68	1	5	21
including number of fatalities	0	0	0	0
including number of serious accidents	0	0	4	0
including number of minor accidents	68	1	1	21
Number of all the reported accidents – company subcontractors	95	0	0	0
including number of fatalities	0	0	0	0
including number of serious accidents	0	0	0	0
including number of minor accidents	95	0	0	0
Description of the most common accidents – company employees:	Tripping, slipping and falling of people while walking. Hitting yourself against other objects.	Hitting yourself against other objects.	Each accident had a different origin and different consequences. The most common accidents cannot be determined.	The most common cause of occupational accidents was tripping, slipping or falling of people (9 cases).
Description of the most common accidents – subcontractors of the company:	Tripping, slipping and falling of people while walking. Falling, rolling or slipping of objects or materials.	No	No	No
Accident frequency rate of company employees*	8.9	6.2	40	10.8
Accident severity rate of company employees**	1	0	2.7	2
Accident frequency rate of company subcontractors*	23.2	0	0	0
Accident severity rate of company subcontractors**	2.2	0	0	0

* Accident frequency rate calculated according to the following formula: number of accidents at work x 1,000,000 / total number of risk hours worked.

** Accident severity rate calculated according to the following formula: number of days of sickness absence due to accidents at work x 1,000 / total hours at risk worked.

In June 2022, a tragic incident occurred at the Bogdanka mining field, resulting in the death of one of our employees. An uncontrolled outflow of excavated material from the storage reservoir occurred during work on clearing the discharge system at depth of 960 meters. Four workers were at the scene at the time. Unfortunately, one of them was caught and trapped in the rock mass. Mining Operations Manager announced the rescue operation, which involved two rescue teams and 188 workers. Rescuers extracted the body of the casualty and the doctor on site pronounced him dead. The man had worked in mining for 10 years, 8 of which had been in our mine. He was a well-regarded employee. Two other workers were also lightly injured in the accident.

The family of the deceased and the victims were taken care of.

Best practice

For years we have been collaborating with the Medical University of Lublin – the Medical Simulation Center, on specialized first aid and advanced medical assistance training for employees (Osobista Górnicza Apteczka Ratownicza – OGAR). The trainings are intended for LW Bogdanka employees only. Screens located in places where the crews gathered before entering the lift underground, display reconstructions of occupational accidents and how work can be performed properly.

Best practice

In 2021 we have introduced OHS Knowledge Competition among company employees.

Best practice

In order to better monitor external companies performing work at the mine site, we have updated the instructions for contractors, suppliers and visitors. The new regulations stipulate the mandatory preparation and delivery of a completed appendix of the so-called Safe Work Manual (Instrukcja Bezpiecznego Wykonywania Prac – IBWP). The instruction includes a description of the work to be performed, information on the area of danger, preventive measures or how to secure workstations. We have also prepared a manual for contractors, which includes basic information on the required personal protective equipment, hazards and how to move around the work site.

We organized vaccination campaigns against COVID-19 in the company, preceded by a voluntary survey. During the pandemic, surgical masks, disinfectants and disposable gloves were made available to employees on an ongoing basis. In addition, we also purchased hand disinfection stations, automatic temperature measuring devices and plastic covers. COVID-19 prevention information was broadcast on screens in front of the workplace entrance.

In 2022, we plan to prepare safety animations and videos with employees. We want employees and apprentice school students to reconstruct accidents at work and how to react properly.

We also intend to update posters promoting occupational health and safety, update some procedures, prepare a database of hazards and a new graphic template for occupational risk assessment sheets. We will also continue COVID-19 prevention.

Health promotion

GRI 403-6

We combine concern for safe work with health promotion among employees. We offer our employees subsidized medical subscriptions to private health care networks. We also promote preventive actions organized by the Center of Oncology of the Lublin Region (Centrum Onkologii Ziemi Lubelskiej), among others. In 2021, LW Bogdanka was also a partner in events promoting COVID-19 vaccinations, and employees could sign up for vaccinations through our company.

In the coming years, we plan to launch the Miner's Preventive Care project and increase the frequency of examinations carried out on the company's premises.

4.3

Diversity

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Diversity, equal opportunity and anti-discrimination

We want to use the full potential of employees, their diverse skills, experiences, talents and competencies in an atmosphere of respect and support. We respect the diversity of our workforce and see it as an opportunity to do better and build a strong position in the market.

We regulate diversity in our Diversity Policy, Articles of Association, Labor Regulations, Code of Ethics, Personnel Policy and Company-Level Collective Bargaining Agreement.





The Code of Ethics considers any form of discrimination, harassment or bullying to be absolutely unacceptable.



The policy of equal career development opportunities for every employee is a key element of the strategy implemented by the company.



Among the employer's basic duties, the Labor Regulations list the prevention of discrimination in employment, in particular on the basis of sex, age, disability, race, religion, nationality, political opinion, union membership, ethnicity, religion, sexual orientation, as well as on the basis of employment for a definite or indefinite period of time or full or part-time.



The personnel policy specifies the rules for recruiting employees. When looking for the best candidates, we focus first and foremost on their knowledge, professional qualifications, personality aptitude and work experience. In the process of recruiting and selecting candidates, we want to be guided by professional selection criteria.



The Company-Level Collective Bargaining Agreement commits to ensuring the principle that remuneration corresponds to the type of work performed in conjunction with its quality and productivity, and is equal regardless of gender and other factors unrelated to the outcome of the work. The criteria for setting remuneration for work are intended to ensure that employees receive a fair pay. Remuneration for work is determined in the amount corresponding to the type of work performed, the qualifications of the employee required for its performance, and taking into account the quantity and quality of work performed.

GRI 406-1



In 2021, we did not record a single case of discrimination.

How we take care of diversity at LW Bogdanka:

- all employees are familiar with the Code of Ethics
- we promote ethical standards at the mine site (website, boards, roll-ups, posters, messages, health and safety monitors)
- we train executives 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
- we provide equal access to training for all employees
- we offer equal support for local initiatives

Best practice

When appointing the Management Board and the Supervisory Board, education and professional experience are taken into account, without differentiating candidates by gender, age, background or other factors that have no substantive impact on the assessment of qualifications. The decisive aspect is, first of all, preparation for a specific function. At LW Bogdanka, we do not have a separate formal diversity policy applied to management and supervisory bodies.



GRI 405-2

Average base salary in given categories of Employees

	Ratio of basic salary of WOMEN to MEN
Breakdown by structure and age	
Senior management[*]	
under 30 years old	0%
30 to 50 years	104%
over 50 years old	82%
Average	92%
Middle management^{**}	
under 30 years old	0%
30 to 50 years	71%
over 50 years old	78%
Average	74%
Other diversity indicator^{***}	
under 30 years old	53%
30 to 50 years	67%
over 50 years old	73%
Average	65%
Other Employees	
under 30 years old	66%
30 to 50 years	68%
over 50 years old	81%
Average	72%

^{*} Directors and their counterparts.

^{**} Managers and their counterparts (including chief foremen and dispatchers).

^{***} Another diversity indicator applies to other white-collar employees, i.e. those paid a fixed monthly rate (senior management and middle management are excluded). The remaining employees are blue-collar workers, i.e. workers paid at an hourly rate.

Average salary in the given categories of Employees

	Ratio of remuneration of WOMEN to MEN
Breakdown by structure and age	
Senior management[*]	
under 30 years old	0%
30 to 50 years	94%
over 50 years old	81%
Average	87%
Middle management^{**}	
under 30 years old	0%
30 to 50 years	71%
over 50 years old	105%
Average	88%
Other diversity indicator^{***}	
under 30 years old	52%
30 to 50 years	67%
over 50 years old	75%
Average	65%
Other Employees	
under 30 years old	68%
30 to 50 years	68%
over 50 years old	83%
Average	73%

GRI 405-1

Diversity of Employees and management authorities

	Total	Women	Men
Breakdown by structure and age			
Management authorities of the company			
Management Board			
under 30 years old	0	0	0
30 to 50 years	3	0	3
over 50 years old	1	0	1
Total	4	0	4
Supervisory Board			
under 30 years old	0	0	0
30 to 50 years	6	1	5
over 50 years old	3	1	2
Total	9	2	7
Breakdown by structure and age			
Categories of Employees			
Senior management[*]			
poniżej 30 lat	0	0	0
od 30 do 50 lat	8	0	8
powyżej 50 lat	4	0	4
Total	12	0	12
Middle management^{**}			
under 30 years old	0	0	0
30 to 50 years	114	3	111
over 50 years old	35	0	35
Total	149	3	146
Other diversity indicator^{***}			
under 30 years old	54	23	31
30 to 50 years	473	102	371
over 50 years old	128	70	58
Total	655	195	460
Other Employees			
under 30 years old	505	7	498
30 to 50 years	3149	32	3117
over 50 years old	437	45	392
Total	4091	84	4007

^{*} Directors and their counterparts.

^{**} Managers and their counterparts (including chief foremen and dispatchers).

^{***} Another diversity indicator applies to other white-collar employees, i.e. those paid a fixed monthly rate (senior management and middle management are excluded). The remaining employees are blue-collar workers, i.e. workers paid at an hourly rate.

Diversity of Employees and management authorities

	Total	Women	Men
Percentage of Employees belonging to management authorities of the company			
Management Board			
under 30 years old	0%	0%	0%
30 to 50 years	75%	0%	75%
over 50 years old	25%	0%	25%
Total	100%	0%	100%
Supervisory Board			
under 30 years old	0%	0%	0%
30 to 50 years	67%	11%	56%
over 50 years old	33%	11%	22%
Total	100%	22%	78%
Percentage of Employees belonging to the following categories			
Senior management[*]			
under 30 years old	0%	0%	0%
30 to 50 years	67%	0%	67%
over 50 years old	33%	0%	33%
Total	100%	0%	100%
Middle management^{**}			
under 30 years old	0%	0%	0%
30 to 50 years	77%	2%	75%
over 50 years old	23%	0%	23%
Total	100%	2%	98%
Other diversity indicator^{***}			
under 30 years old	9%	4%	5%
30 to 50 years	73%	16%	57%
over 50 years old	20%	11%	9%
Total	100%	30%	70%
Other Employees			
under 30 years old	12%	0%	12%
30 to 50 years	77%	1%	76%
over 50 years old	11%	1%	10%
Total	100%	2%	98%



Care for the environment

5.1

Environmental impact

Environmental protection and concern for ecological aspects of operations are among the most important elements of LW Bogdanka Group’s sustainable development. Our mine is located in a valuable natural area, adjacent to Polesie National Park and other protected areas. Although coal mining is inextricably linked to significant environmental impacts, we have been implementing projects that reduce negative impacts on nature, reduce emissions, water and material consumption. In order to reduce the size and scale of the impact, we reach for the latest

operating technologies and comprehensively manage environmental issues.

Effective environmental management is based on the Integrated Quality, Environmental and OHS Management System. It is compliant with the standards PN-EN ISO 9001:2015, PN-EN ISO 14001:2015, PN-N-18001:2004 and, additionally, in the area of occupational health and safety, with the UK BS OHSAS 18001:2007 standard.

Our environmental priorities and measures taken




	Priority	Measure
	Prevention and removal of mining damage	Implementing the most efficient procedures possible to streamline the processing of mining damage claims
	Maintaining recovery methods for mine waste	Recovering mining waste, including analyzing new opportunities for the use of coal mining by-products, including the initiation of a procedure related to the recognition of mining waste with a granulation of 20-50 mm as a by-product
	Increasing the electricity use efficiency	Establishing a team to develop a methodology for calculating the carbon footprint for the base year, to which the next step will be to adopt optimization targets

We identify and evaluate environmental aspects related to our operations, monitor and develop environmental programs. LW Bogdanka Group strictly adheres to legal requirements and holds all permits required by law, complies with standards and BAT (Best Available Technology) requirements.

We talk openly about our impacts on the environment – including the negative ones – and the ways to minimize them. Environmental reports and forecasts are published and made available on the websites of the authorities and the Regional Directorate for Environmental Protection. We also regularly publish sustainability reports.

GRI 102-11

What environmental risks we identify and how do we prevent them

 <p>Risk: Hazards to the aquatic environment</p>	<p>What we do: Ongoing monitoring of operations in this respect, oversight and reviews and, if needed, modernization of individual installations. We also provide relevant training to employees in this area on an ongoing basis.</p>
 <p>Risk: Improper handling of chemical substances</p>	<p>What we do: Continuous access and the crew is regularly familiarized with the rules of safe use of chemicals and ongoing monitoring of the regulations in this respect.</p>
 <p>Risk: Failure to adapt the organization to new environmental regulations</p>	<p>What we do: Continuous monitoring of legal acts being introduced and planned to be introduced and decisions of industry authorities.</p>

Best practice

For 2022-2024, we plan, among other things, to implement monitoring of rock mass movements through the use of modern measurement methods, to continue the recovery and management of mining waste and industrial waste, and to rehabilitate the mining waste facility. We will also continue to use pit water for process purposes and carry out maintenance of the drainage infrastructure.



See more online

We describe environmental risks and how to mitigate them in the 2021 Management Board Report on page 97.

See more



Energy

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Energy and emissions

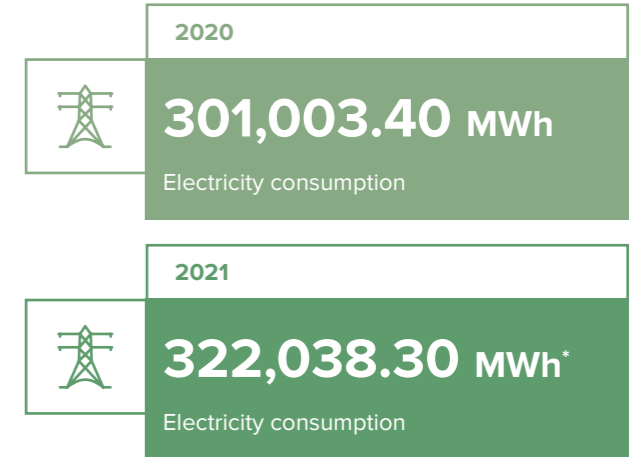
Electricity ensures the proper operation of mining machinery and dewatering pumps, as well as the functioning of ventilation and air-conditioning systems. It is essential for the safe operation of the mine.

Reducing energy consumption is a major challenge for our industry, especially with the need to mine coal from increasingly scarce seams. We use the highest possible energy class equipment in the organization, use energy-efficient motors for fans and LED lighting.

In 2022-2024, we plan to continue replacing light fixtures with LED lamps, auditing the energy efficiency of the construction of an underground water treatment plant, replacing worn-out motors with new ones of higher efficiency, and building a 3MW photovoltaic farm.

GRI 302-1

LW Bogdanka S.A.



* increase in electricity consumption is related to the increase in mining.

Energy intensity

GRI 302-3

Electricity consumption in MWh

	2020	2021	Selected denominator to be calculated
LW Bogdanka	301,003.40 MWh	322,038.28 MWh	Mg
Łęczyńska Energetyka	-	0.042 Mg TPU/GJ; 4.3 kWh/GJ; 0.8 GJ/GJ;	GJ
MR Bogdanka	-	0.041 kWh/PLN	PLN

Water

GRI 103-1 GRI 103-2 GRI 103-3

Aspect: Water and effluents

Contamination of surface waters with coal production and process waters may cause negative implications in the environment and may pose a threat to human health and the functioning of the ecological system, so the Company is taking a number of measures to prevent such risks.

Our water and effluents management is primarily related to groundwater, including:

- » drainage of the rock mass within mine workings
- » economic use of underground water
- » pumping water to the surface
- » retention of underground water in a reservoir – sedimentation tank on the surface to reduce suspended solids
- » discharge of water into the Świnka River

GRI 303-1

In order to safely mine coal, we need to pump water from the underground workings to the surface. Underground waters are characterized by total chlorides and sulfates of 1,030 mg/dm³. After treatment, some of this water – approx. 17,701 m³ per day – is discharged through a system of ditches to the Świnka River. The remainder is reused for firefighting, air conditioning and production purposes at the mine. In addition, we use underground waters for the purpose of treating the ore at the coal mechanical processing plant and for technological purposes at the Łęczynska Energetyka company. This allows us to reduce groundwater withdrawal. Our water management is in accordance with the water rights permit, and effluents are systematically tested quantitatively and qualitatively by an accredited laboratory.



Best practice

Discharged substances that may pose a risk are: chlorides, sulfates, total suspended solids, sodium, potassium, copper, iron, nickel and zinc. That is why at LW Bogdanka we have a sealed artificial underground water reservoir with a huge area of 7.6 hectares. It is the destination of water discharges. The mine water is stored in the reservoir for 8-9 days, and in this way the mine water is mechanically cleaned of suspended solids and the daily flow equalization takes place.

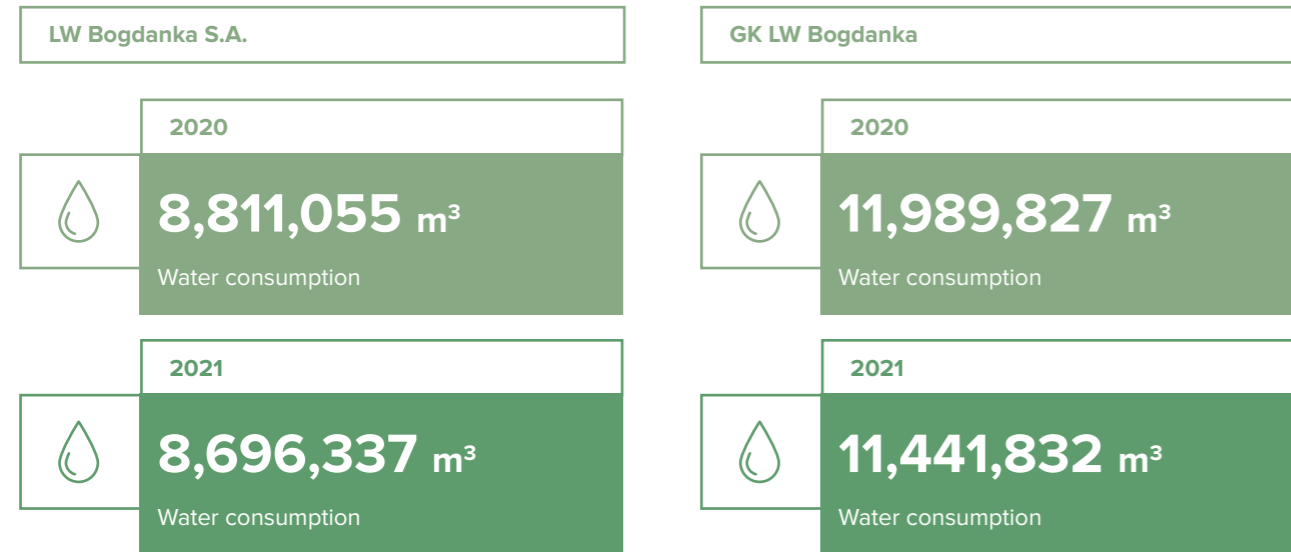


There were no planned or unplanned emergency water discharges or spills at the mine in 2021.

GRI 303-3

Water withdrawal by source and type [MI]

	From all areas (in megaliters)	From areas with water shortages (in megaliters)
Surface water:	0	0
Groundwater:	8,696.3	0
Low mineralized water (total minerals less than 1,000 mg/l)	8,696.3	0
Other water (total minerals above 1,000 mg/l)	0	0
Seawater:	0	0
Water produced:	0	0
Water from another organization:	73.1	0
Surface water	0	0
Groundwater	73.1	0
Seawater	0	0
Water produced	0	0
Total water withdrawal (surface water, ground water, seawater, produced water, water from another organization)	8,769.4	0



Water discharge

GRI 303-4

Total water discharged in megaliters, at all locations, due to the destination of the discharge


Surface water	6,767.9
Groundwater	0
Seawater	0
Water obtained from an indirect source (e.g. local water supply system) and an indication of what portion of this value was transferred to other organizations (if applicable)	133.0
Total water discharged, in megaliters, broken down into:	
Sum of effluents, used water and unused water	6,900.9
Fresh water <1,000 mg/L of total dissolved substances (TDS)	0
Surface water	0
Groundwater	0
Seawater	0
Water obtained from an indirect source (e.g. local water supply system)	0
Other >1,000 mg/L of total dissolved substances (TDS)	6,900.9
Surface water	6,767.9
Groundwater	0
Seawater	0
Water obtained from an indirect source (e.g. local water supply system)	133.0

Consumption of raw materials and consumables

GRI 103-1 | GRI 103-2 | GRI 103-3


Aspect: Waste

The primary waste resulting from mining activities is waste rock. We store it at the mining waste disposal site in the form of a heap. The remaining waste is mainly post-mining materials, i.e. oils, lubricants and wearable excavation safety components.



LW Bogdanka's goal is to minimize the amount of waste sent to the heap, a mining waste disposal facility.

Ways of managing waste from LW Bogdanka:



rehabilitation of degraded areas



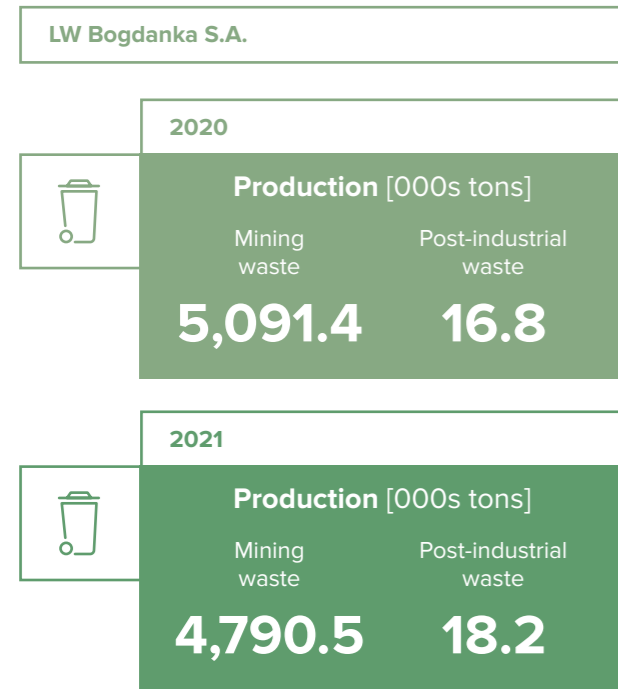
rehabilitation of municipal landfills



cement production at Ożarów cement plant

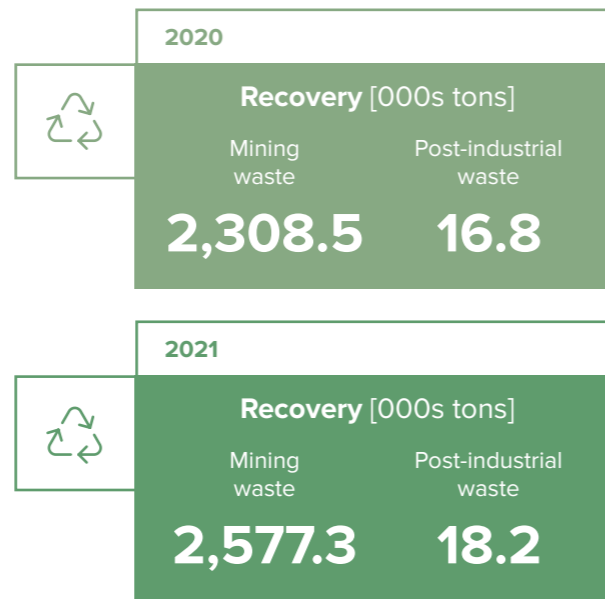
We donate wood, scrap metal, used oils, as well as used light sources and adhesive packaging to authorized companies. Our company manages waste through an electronic Waste Database (*Baza Danych Odpadowych* – BDO).





GRI 306-2

We reduce waste generation by, among other things, purchasing the best possible energy-efficient machinery and equipment, necessary materials and raw materials, and rational use by employees. We do not buy "to stock up", which could lead to out-of-date reagents, adhesives and lubricants, for example. We manage the deposit rationally.



Between 2022 and 2024, we plan to:

- Keep stone and access works to the minimum necessary for the seams
- Use appropriate equipment and machinery when mining seams
- Limit the roof falls
- Use equipment for pre-treatment of coal spoil from waste rock
- Use waste rock for technological works in underground workings
- Continue land reclamation related to the removal of mining damage
- Rehabilitate the mining waste neutralization facility

GRI 306-3

Total weight of waste generated by the company in 2021 [Mg]

Hazardous waste	231.2
Other non-hazardous waste	4,808,478.0

GRI 306-4

Recovered waste [t]

Total weight of waste recovered	2,595,464.3
---------------------------------	--------------------

Weight of hazardous waste recovered [t]

Waste recovery method	
Preparation for reuse	0
Recycling	0
Other recovery methods	229.1
Total weight of hazardous waste recovered	229.1

Weight of non-hazardous waste recovered [t]

Waste recovery method	
Preparation for reuse	0
Recycling	0
Other recovery methods	2,595,235.3
Total weight of non-hazardous waste recovered	2,595,235.3

Weight of hazardous waste recovered [t]

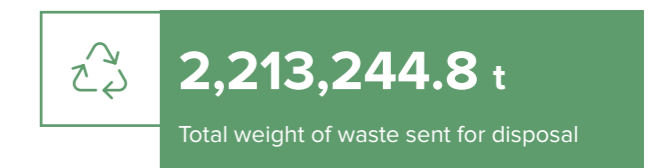
Waste recovery method		
	on site	off-site
Preparation for reuse	0	0
Recycling	0	0
Other recovery methods	0	229.1

Weight of waste recovered other than hazardous [t]

Waste recovery method		
	on site	off-site
Preparation for reuse	0	0
Recycling	0	0
Other recovery methods	6,340.1	2,588,895.1

GRI 306-5

Waste sent for disposal



Weight of hazardous waste transferred for disposal [t]

Waste disposal method	
Combustion (with energy recovery)	0
Combustion (without energy recovery)	0
Storage	0
Other disposal methods	2.1
Total weight of hazardous waste transferred for disposal	2.1

Weight of non-hazardous waste transferred for disposal [t]

Waste disposal method	
Combustion (with energy recovery)	0
Combustion (without energy recovery)	0
Storage	2,213,240.1
Other disposal methods	2.6
Total weight of non-hazardous waste transferred for disposal	2,213,242.7

Best practice

LW Bogdanka in December announced a contest for the children of its employees for Christmas decorations in the “zero waste” trend building awareness of the secondary use of waste. More than 110 entries in the competition were made from materials families had at home and things considered unnecessary.

Weight of hazardous waste disposed [t]

Waste disposal method	on site		off-site	
Combustion (with energy recovery)	0	0	0	0
Combustion (without energy recovery)	0	0	0	0
Storage	0	0	0	0
Other disposal methods	0	0	2.1	2.1

Weight of waste disposed of other than hazardous [t]

Waste disposal method	on site		off-site	
Combustion (with energy recovery)	0	0	0	0
Combustion (without energy recovery)	0	0	0	0
Storage	2,213,240.1	0	0	0
Other disposal methods	0	0	2.6	2.6

5.2 Climate

We are systematically identifying risks and opportunities arising from climate change in order to effectively counteract or take advantage of them in a responsible manner.

Environmental opportunities and risks

	Reduce the threat to the water environment through the use of underground water for domestic purposes	Underground water at our mine is treated on an ongoing basis and used for our own needs in excess of 30% (e.g. for conducting the raw coal production process). The opportunity for the organization is to maintain the trend associated with reducing risks to the aquatic environment by reducing wastewater emissions (the discharge of underground water into the reservoir).
	Increase biodiversity	Within the framework of cooperation with the National Society for the Protection of Birds in the field of biodiversity, there will be co-financing of the construction of levees to protect bird (Aquatic Warbler) habitats. The opportunity for the company is to increase biodiversity by strengthening the migration corridors of the Aquatic Warbler metapopulation in the Lubelskie Voivodeship.
	Improving the environment by reducing the amount of landfilled mining waste	Reducing the amount of landfilled mining waste from mining operations can help improve the environment. Implementation of mining waste management tasks resulting from the environmental program adopted in this regard is an opportunity for the company.
	Habitat expansion, increase in biodiversity	Changes in landforms due to mining operations promote the formation of areas where various species settle. No additional actions by the company are required here – it is sufficient to carry out activities in accordance with the terms of environmental permits, including conducting environmental monitoring.

 <p>Risk of not adapting the organization to new legal solutions and other regulations related to environmental protection</p>	<p>Possible tightening of legal standards regarding the mine's impact on the environment, especially dynamically changing laws introduced in a manner that makes it impossible for the company to adapt to the new regulations in a timely manner, may result in the need to incur financial expenditures to adapt the plant in terms of environmental use and the possibility of incurring penalties for failure to meet the conditions of environmental use. This risk can be mitigated by ongoing, continuous monitoring of legislation planned to be introduced and implemented, as well as decisions by industry bodies.</p>
 <p>Risk of improper handling of chemicals</p>	<p>Failure to comply with chemical handling regulations could result in penalties for the company. The method of preventing the materialization of this risk is constant access to and regular familiarization of the crew with the principles of safe use of chemicals, as well as ongoing and continuous monitoring of legislation on the use of chemicals.</p>
 <p>Risk – hazard for the aquatic environment</p>	<p>Improper operation of the pit water settling tank and improper handling of hazardous substances, waste, wastewater and leachate may result in the need for organizational changes and financial expenditures for infrastructure upgrades related to the removal of hazards. This risk can be mitigated by ongoing monitoring of activities in this area, constant supervision and maintenance and upgrading of individual installations, as well as ongoing training to raise employee awareness and competence.</p>



Reducing emissions

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Emissions

The operation of any mine is associated with dust and gas emissions into the atmosphere. It is not possible with current technological knowledge and available equipment to organize mine operations in such a way as to eliminate harmful emissions. In our Group, the main sources of emissions are:

fuel combustion in internal combustion engines at LW Bogdanka

boiler house at Łęczyńska Energetyka

Bogdanka (power of 57 MW, co-combustion of coal and biomass)

Zawadów (power of 0.25 MW, coal and waste wood)

Pasternik boiler plant in Łęczna (power of 4.0 MW, light fuel oil, backup boiler plant)

Sources of fugitive emissions in our organization include passenger cars and coal welding and transportation processes. In addition, the Bogdanka tailings facility can be a source of dust during dry and windy days – to prevent this and reduce emissions from the heap, we are rehabilitating the heap and trying to keep the exposed section of the heap moist. We also make plantings that serve a protective function.

Due to the nature of its operations, the entity responsible in the Group for acquiring CO₂ emission rights is Łęczyńska Energetyka.

We measure our carbon footprint

In 2021, a specially appointed interdisciplinary team of experts began work on developing a methodology and calculating the carbon footprint of the LW Bogdanka Group and our three products – total steam coal, fine coal and mining waste. We want the work to result in a methodology that is tailored to the Group's individual needs, but at the same time based on recognized standards for measuring carbon footprints. Based on the base year calculations, plans will be made to reduce the carbon footprint in all aspects of the company, as well as in the value chain.

GRI 305-1

Gross volume of direct greenhouse gas emissions in metric tons of CO₂ equivalent

CO ₂	57,685.2
CH ₄	1.0
N ₂ O	78.9
HFC	3,997.5
PFC	not identified
SF ₆	not identified
NF ₃	not identified
Total	61,762.7

The volume of biogenic CO₂ emissions in metric tons of CO₂ equivalent

The volume of biogenic CO ₂ emissions	283.2
Total	283.2

GRI 305-2

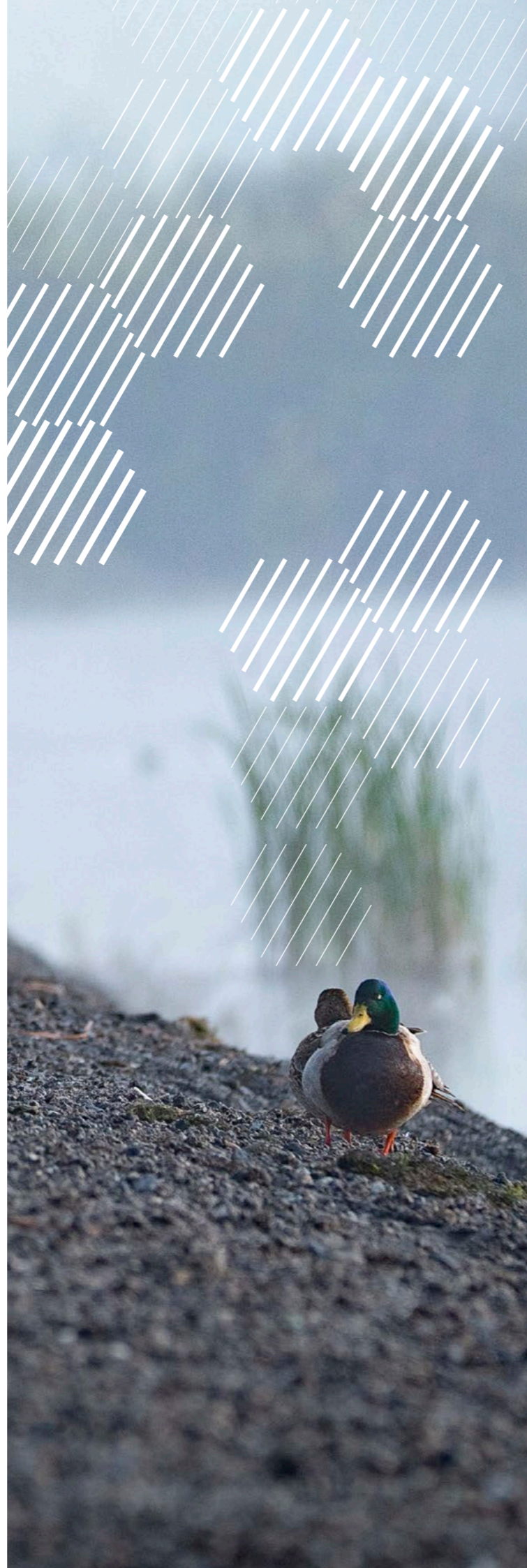
Gross volume of indirect greenhouse gas emissions

Gross volume of indirect greenhouse gas emissions (Scope 2) calculated by location-based method in metric tons of CO ₂ equivalent.	231,510.9
Gross volume of indirect greenhouse gas emissions (Scope 2) calculated using the market-based method in metric tons of CO ₂ equivalent.	246,917.3
Gross volume of indirect greenhouse gas emissions by gas (by location-based method)	in metric tons of CO₂ equivalent
CO ₂	251,627.5
CH ₄	n/a
N ₂ O	n/a
HFC	n/a
PFC	n/a
SF ₆	n/a
NF ₃	n/a
Total	251,627.5

GRI 305-7

Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions [kg]

SO _x	-
NO _x	17.5



5.3

Biodiversity

GRI 103-1 | GRI 103-2 | GRI 103-3

Aspect: Biodiversity

Supporting biodiversity is part of our climate action and a commitment to local stakeholders.

GRI 304-1


Two of our mining fields – Nadrybie and Stefanów – are located near areas of high natural value, including the Łęczna Lake District Landscape Park, the Polesie and Chełm Protected Landscape Area and Natura 2000 sites. There are lakes, bogs, forests and ecological corridors. These are valuable habitats for fauna and flora, which we at the LW Bogdanka Group want to protect and support in accordance with our sustainable development strategy.

GRI 304-3

In 2021, together with the Foundation for Nature, we supported the conservation of owls and cranes. For rare synanthropic owl species nesting in the Łęczna-Włodawa Lakeland, we have created new nesting sites – boxes and baskets. Conservation activities have been enriched with educational value – a series of meetings devoted to owls and their habits have been organized for owners of properties where the boxes will be installed, and for children and young people from schools and kindergartens from areas where there are or will be created new nesting sites, and giving additional educational value for the visitors of the protected areas.

Cranes nesting in Lubelskie Voivodeship, especially those associated with the Poleski National Park area, could also count on our help. Together with the Foundation and the Voivodeship Fund for Environmental Protection and Water Management in Lublin, the Poleski National Park and the Marshal's Office in Lublin, we inaugurated the *Wandering of Lublin Cranes* project. Some of the cranes will be ringed with modern rings equipped with GPS-GSM transmitters, so we will know their migration routes. In addition, the installation of a webcam (with continuous viewing


on the website) will allow the monitoring of their habitat. All these efforts will provide detailed information on the behavior of the species, facilitating the elimination of many threats from both predators and humans, especially during the breeding season.



See more online

Wandering of Lublin Cranes

See more



Best practice

In September 2021, we supported the official farewell of the cranes of the Poleski National Park. A special environmental picnic was held in Urszulin, attracting nature enthusiasts. The purpose of the event was to promote cranes as a symbol of the Lublin Region and Poleski National Park.

In 2021, we also continued our cooperation with the Institute of Fertilization and Soil Science – State Research Institute in Puławy. We organized a consultation/training meeting for farmers who lease agricultural land from us, owners of land plots within our area of influence, and interested employees of our company. The meeting was devoted to methods of improving crop production technology in an environmentally safe way, including:

The condition and characteristics of agricultural land around LW Bogdanka's mining areas

Implementation of good agricultural practices that protect soil and water from pollution

Proper agrotechnology to maintain optimal crop yields

Preventing the negative effects of agricultural drought

Best practice

We want to develop the mining heap in a sustainable way. We invite our stakeholders to take part in the discussions and cooperation with us. In 2021, together with the Central Mining Institute in Katowice and the WSB Academy in Dąbrowa Górnicza, we organized a workshop on the challenges, directions and tools of revitalization, with a particular focus on the revitalization of post-industrial sites. The most important thread was modeling the future use of the Bogdanka mining waste dump and learning about the community's expectations.

Best practice

Together with the Łęczna Municipality and the LW Bogdanka Landscapes Foundation, we implemented the ŁęcznaLAB project. In 2021, the Green Room at the Cultural Center in Łęczna was opened, where various cultural and educational activities will be carried out, five flower meadows were sown, and we organized Psistanek – a workshop with a behaviorist for dogs and their owners

The implementation of the project allowed residents to be involved in the decision-making process regarding the development of the municipality and supported environmental and climate education.

Best practice

GRI 304-4

For years, we have been running the Nadrybie Nature Trail in a revitalized Natura 2000 area near the post-mining Nadrybie water basin. The trail is more than 2 km long and 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. In the spring, it is the feeding ground for white-winged terns, whitethroats, black terns and black-headed gulls. You can also hear, among others, lesser whitethroats, gray nightingales and waterbirds. Many of the species living there have been included in the Polish Red Book.

In 2021, the "Nadrybie Parklet" was on tour for the second year, promoting the Nadrybie nature trail in its new location. Together with the Landscapes Foundation, we visited the municipalities of: Uścimów, Cyców, Zamość, Ludwin and Wierzbica, and each arrival of the parklet was combined with environmental workshops for primary school students.

The 2021 the workshops were devoted to ornithology and beekeeping. Children discovered the differences between various species of birds and observed their behavior. Students also learned how useful bees are, what can be learned from them, and how it is possible that they have been able to survive on Earth for many millions of years.



In 2021, we also continued our long-standing cooperation with the National Society for the Protection of Birds and the project Protection of the Peatland Ecosystems of the Łęczyńsko-Włodawskie Lake District. The goal is to strengthen the southeastern metapopulation of the Aquatic Warbler (a species of small migratory bird of the reed warbler family) by restoring suitable habitat conditions for the birds in the species' historical or potential areas of occurrence.



Dialogue and cooperation

6.1 Stakeholder relations

We want to build lasting, trusting relationships with both internal and external stakeholders. We are an important part of the local community and know how to positively influence it and solve many regional problems, which have proven for many years. We believe in constructive dialogue, information exchange and compromise – through these we build our relationships and reputation.

We know our stakeholders and will tailor the frequency and channels of communication to their specific needs. Our approach to stakeholder relationship management is based on the stakeholder map created in the organization.

GRI 102-40 GRI 102-42 GRI 102-43

In 2021, we conducted a survey of our key stakeholder groups. Preparing the publication of this report, we asked for feedback on the most important topics related to our sustainability – both in terms of our organization’s impact on the given topic and the impact of the issue on our organization and its financial performance. The survey was completed by representatives of the public administration and local government, suppliers, NGOs and employees.

GRI 102-40

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

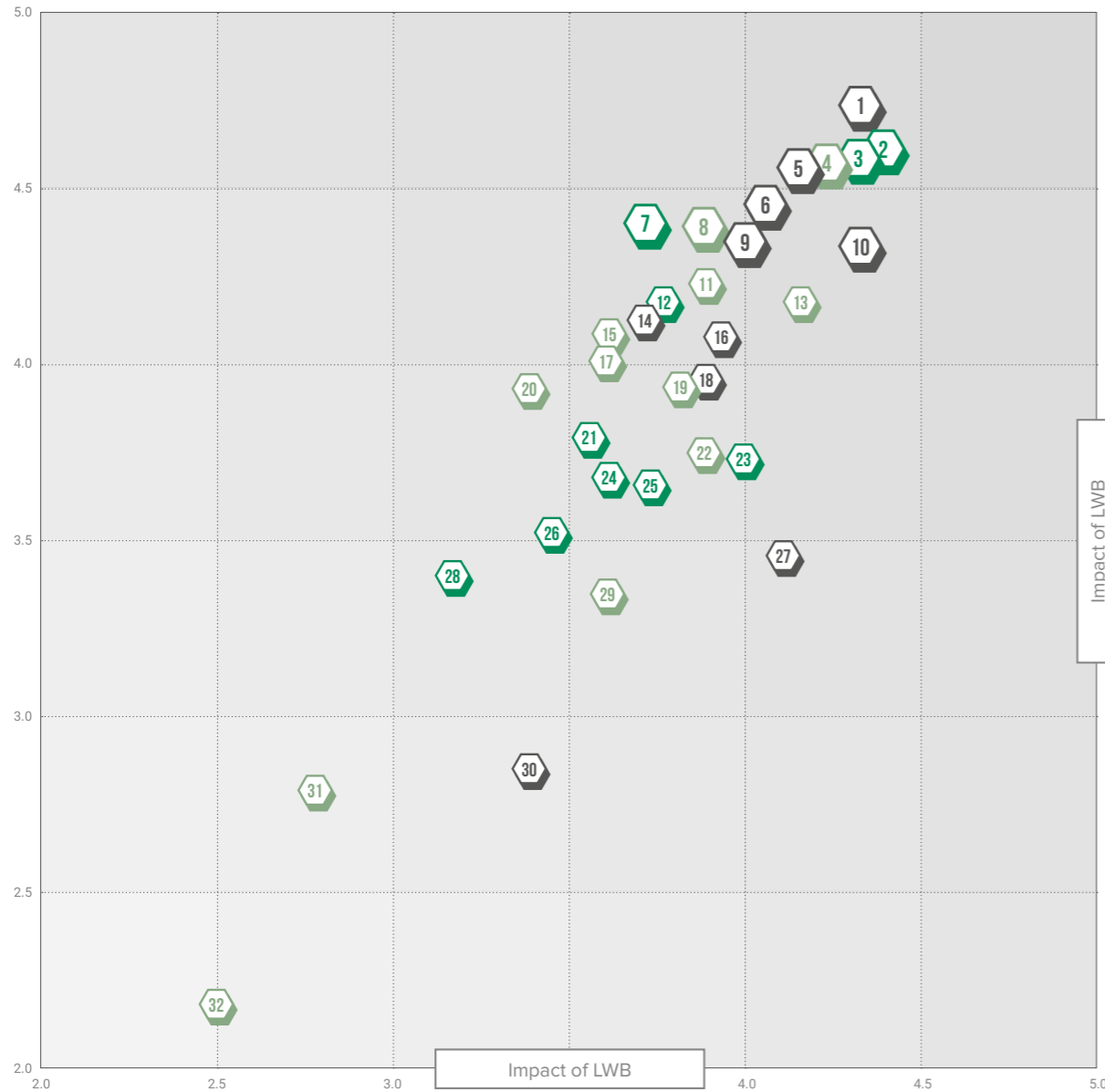
Natural environment

- » 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

GRI 102-44

Based on the responses, we prepared a matrix of the relevance of the topics reported by stakeholders:



- | | | |
|--|--|--|
| 1 Headcount and job creation | 12 Waste management | 23 Climat change and its effects |
| 2 Consumption of raw materials and consumables | 13 Employee health | 24 Environmental awereness of the society |
| 3 Energy consumption | 14 Ethics | 25 GHG emissions |
| 4 Employee safety | 15 Human rights and employee rights | 26 Effluents management |
| 5 Economic development of the region | 16 Sustainable supply chain | 27 Economic situation in the country |
| 6 Costumer data security | 17 Diversity and equal oppportunity | 28 Biodiversity |
| 7 Use of natural resources - water | 18 Anti-corruption | 29 Quality of education |
| 8 Employee welfare (well-being) | 19 Employee education and development | 30 Geopolitical situation (war in Ukraine) |
| 9 Risk management | 20 Anti-discrimination | 31 Freedom of assembly and association |
| 10 Innovativeness | 21 Circular economy | 32 Child labor and forced labor |
| 11 Development od local communities | 22 Research and development of science | |

■ Economic ■ Social ■ Environmental

Membership of associations

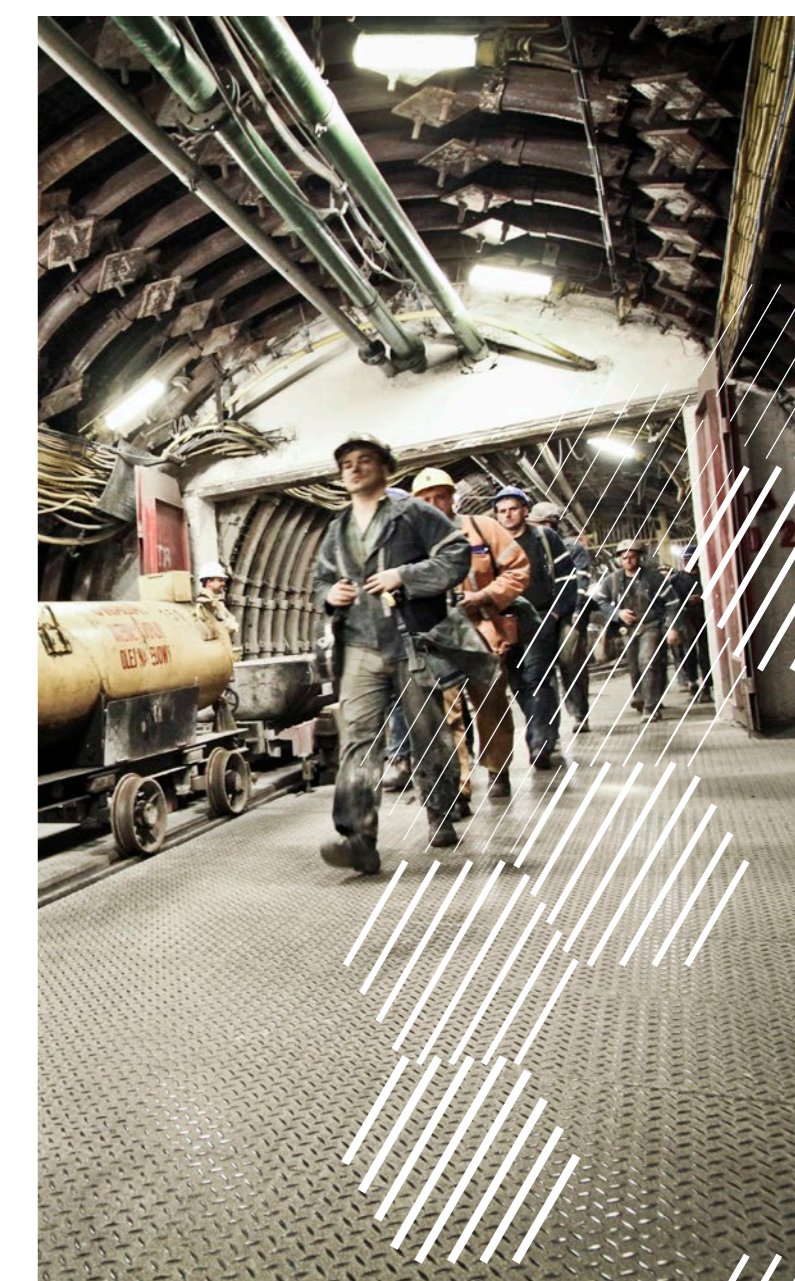
GRI 102-12 GRI 102-13

We share knowledge and our best practices with the industry community. We belong to a number of organizations and associations, and view such participation as an opportunity to develop and exchange experience. We belong to:

- Mining Chamber of Industry and Commerce in Katowice
- Polish Association of Listed Companies in Warsaw
- “Together for the Lublin Region” Association in Lublin
- Lublin Region Entrepreneurship Board association in Lublin
- EURACOAL
- Association of Polish Committee of the World Mining Congress
- IPMA Poland – International Project Management Association Poland
- Economic Security of Poland Consortium
- Responsible Business Forum association
- Union of Entrepreneurs and Employers

We also support:

- Declaration on sustainable development in the power industry in Poland
- Responsible Business Forum, where we are a strategic partner
- Partnership for achieving Sustainable Development Goals in Poland
- MINING OK Joint Social Initiative Group
- Economic Security of Poland Consortium



6.2

Trusted neighbor

We support the economic and social development of the region in which we operate. Our company provides stable employment and high salaries, much higher than the average for the Lubelskie Voivodeship. In addition to the base salary and bonus system, our employees receive a number of additional financial benefits, such as the "Barbórka" benefits, fourteenth salary, jubilee awards, vacation benefits, or subsidized nursery/pre-school and children's and teenagers' vacations.

We support local entrepreneurship, education and numerous social initiatives. We define our approach to social responsibility management as: growth of the Company's value and development of the local community based on the principles of sustainability, transparency and education for diverse groups. In line with our Social Responsibility Strategy for 2018-2021:

-  we guarantee the highest level of occupational safety
-  we reduce the impact of activities on the safety of the local natural environment
-  we provide security and stimulate the development of the local community
-  we implement transparent and accountable management practices



GRI 204-1

9.2%

We spent 9.2% of our purchasing budget on buying goods and services from businesses and individuals in the Lubelskie Voivodeship.

Best practice

Our activities favor fishing. In areas of land subsidence caused by coal mining, we build reservoirs to store excess surface water. Their creation is part of the nationwide Stop Drought program, as the reservoirs allow water to be retained and stored. At the same time, they enhance the scenic qualities of the immediate area, and locals and tourists enjoy fishing in them.

GRI 202-2

44%

44% of top management (excluding the management board) is hired from among the local community.

LW Bogdanka is the economic pillar of the region and we want to support values that integrate social communities. That is why for years we have been making donations to local initiatives aimed at developing the cultural, scientific, educational and health spheres, building the municipal infrastructure and securing other needs of the local community.

How we take care of the local infrastructure:

GRI 203-1



In 2021, we did not receive any complaints from local residents regarding our operations. This is due to constant dialogue with stakeholders, repair of mining damage and broad participation in local safety, environmental and community development projects.

We improve road safety

In 2021 in Lubartów, we signed an agreement leading to improvement of road safety (installation of monitoring)





We take care of water management

In the area of the RE Zelazny ditch and at the A46 ditch, we built a pressure pipeline, a reservoir and a pumping station

We maintain drainage ditches

We reclaim and care for green areas

Our social activities in 2021 focused on the following areas, among others:

 Social affairs	support of charitable organizations, aid organizations, and organizations dealing with the sick, disabled, socially excluded, equalizing the opportunities for these people;
 Science and education	in particular, support for schools (including vocational schools), educational projects, equalizing opportunities for students, supporting entrepreneurial attitudes, creativity and innovation, and educating in the area of sustainable development;
 Health, including physical activity	including: supporting medical institutions, promoting prevention and healthy lifestyles, culture and art;
 National memory and identity, protection of heritage	including initiatives that build civic awareness and patriotism, including local patriotism, referring to history, popularizing knowledge of Polish history or its elements, customs, traditions, as well as participation in the reconstruction, restoration and rescue of landmarks, activities that support the development of local communities and religious worship;
 Environmental protection, ecology	initiatives/organizations aimed at raising the level of environmental awareness and shaping the environmental attitudes of society by promoting the principles of sustainable development, including the dissemination of knowledge in this area and social activation in the field of environmental protection and sustainable development; implementation of initiatives to support the implementation of the UN Sustainable Development Goals and tasks that have a positive impact on the environment;

In 2021, LW Bogdanka granted donations – in cash and in kind – for a total of PLN 800,000. Among others, the donations went to institutions and social organizations and local government units, including hospitals and schools. Our involvement has allowed, among other things, for the purchase of an ultrasound machine for the Municipal Health Center in Milejów, the renovation of the Caritas Day Care Center, and the creation of a modern renewable energy laboratory at the Mining School Complex in Łęczna.

Donations [PLN 000s]

	2020	2021
Donations [entities]	1,100	800
Number of beneficiaries of LW Bogdanka S.A.'s donation fund	29	46

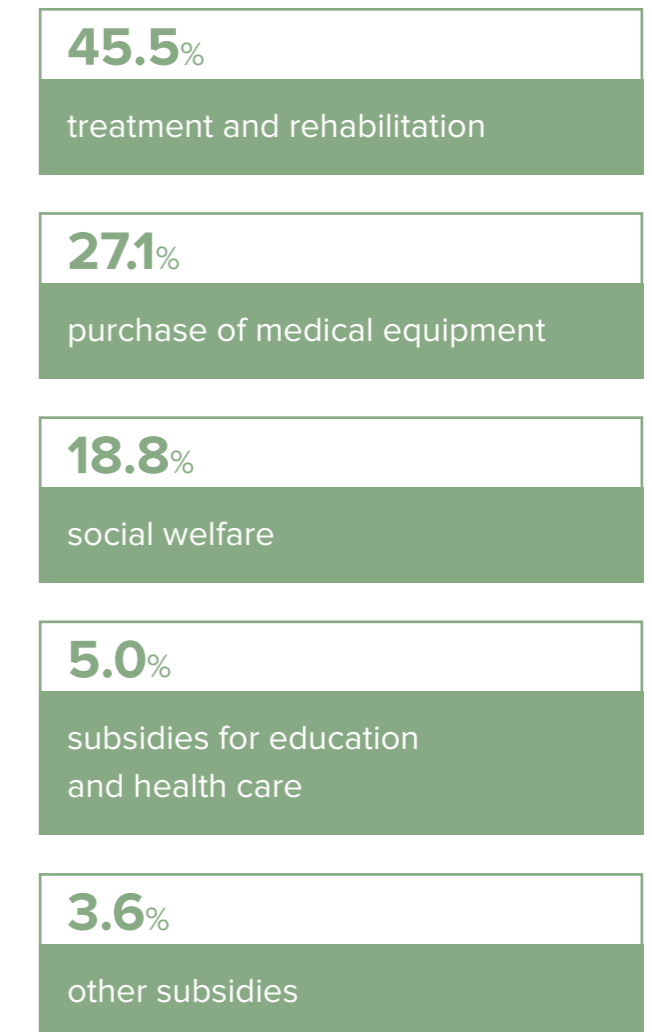
We make decisions on donations transparently and according to clear criteria. Applications are evaluated, among other things, for compliance with the Social Engagement Policy.

We also engage employees in charitable activities. The company regularly holds collections for the benefit of individuals and groups in need, initiated by employees. The collected food and cleaning products were donated to, among others, SOS Lublin Region foundation, the Odra-Niemen Association and the Rehabilitation and Education Center in Łęczna. For many years, the permanent collection of bottle caps for the children taken care of by the Little Prince Hospice in Lublin has also been very popular. In 2021, several hundred kilograms of caps were collected.

Since 2013, our "Solidary Miners" Foundation has also been active. The organization has become a permanent part of the support system for the employees of Bogdanka and its subsidiaries, as well as the local community living in Lubelskie Voivodeship, who turn to it when they find themselves in a difficult life situation. In 2021, the Foundation provided support to 51 individuals and institutions. Invariably, health remained the most important area of support. 38 people – employees, pensioners or members of their families – received funding for medical treatment, rehabilitation, operations and procedures, or respite stays. Two beneficiaries were able to adapt their homes to meet the needs of people with disabilities thanks to the Foundation's support. Parents of disabled children have the chance to be reimbursed for the costs of treatments (sometimes expensive and unaffordable), medicines or equipment.

For the Independent Public Clinical Hospital No. 1 in Lublin, the Foundation purchased medical equipment worth PLN 30,000, and initiated cooperation with the County Family Assistance Center in Łęczna to launch a Consultation and Information Point for addicts. The activity of the Point responds to important social needs in the prevention and resolution of alcohol and drug problems, as well as in the prevention of domestic violence of the residents of the Łęczna County.

In 2021, PLN 284.9 thousand (in 2020 – PLN 363.4 thousand) was spent on statutory activities, including:



Best practice

In 2021, we supported young artists and culture animators from the Lublin Region by launching the Bogdanka Cultural Scholarships program at Chatka Żaka in cooperation with the Chatka Żaka Academic Center for Culture and Media of the Maria Curie-Skłodowska University in Lublin. Fifteen scholarships were awarded to, among others, musicians, actors and writers as well as those involved in the dissemination of culture. The total amount of the scholarships is PLN 70 thousand gross. The beneficiaries are people under 35 years of age who live, study or create in the Lubelskie Voivodeship. Four of them are from Ukraine and Belarus.

Best practice

A special program has been in operation since 2019: Socially Engaged Bogdanka, through which LW Bogdanka employees can submit social initiatives and organizations important for the local community. Each employee once a year can receive up to PLN 3.5 thousand to support the initiative indicated in the application. In 2021, thanks to the program, we executed 25 projects, and our financial commitment amounted to nearly PLN 100 thousand. The money went to local schools, countrywomen's groups, volunteer fire departments, associations and foundations. Thanks to the employee initiative, it was possible to organize a charity run, gymnastics classes for residents during the holiday months, renovate a historic grave, and buy sports equipment for kindergartens and schools.

Marketing activities

In 2021, the marketing activities were carried out based on the documents in place in the company: *LW Bogdanka S.A.'s Social Engagement Policy, Social Responsibility Strategy for 2018-2021 and Sponsorship Activity Strategy for Lubelski Węgiel Bogdanka 2H2018-2021*. The above-mentioned documents strictly define both the objectives and the areas of the activities.

Despite the ongoing state of epidemic in the Republic of Poland caused by SARS-CoV-2 virus infections and the related administrative restrictions, the company has carried out a number of initiatives, consistently building its image of a socially responsible company, supporting numerous local initiatives and projects. The vast majority of activities undertaken in the area of promotion, were aimed at creating a positive brand image of the Bogdanka mine, especially in the local community. This approach was primarily due to inclusion of social responsibility aspects and emphasizing the company's importance in the region.



Development and Joy

In 2021, we launched the "Development and Joy" program to support children's homes and the foster care system. The three main goals of the program are to support the wards of orphanages, to support foster family children from the Łęczna County, and to support adult children from orphanages and foster families in becoming independent.

We work with each group in two modules – Development (focusing on education) and Joy (focusing on experiencing positive emotions). The partners invited to the project choose the right module for them, analyzing the needs of their wards and areas which are not covered by the funding they receive from external sources.

In 2021, the Children's Home in Kiang, the Children's Home in Siedliszcze and the Janusz Korczak Children's Home in Lublin took part in the program. In addition, in cooperation with the County Family Assistance Center in Łęczna, we provided individual support to 20 foster family children and 50 foster families as part of integration activities.



The objectives of the marketing and promotional activities include:

- supporting (promoting and strengthening) the Company's brand by reinforcing its perception, recognition and influence
- reinforcing the Company's significance for the Lublin region as perceived by the general public and opinion-forming circles
- building a positive image of the Company, in particular in its close geographic environment
- building the Company's image as an entity that effectively implements the concept of corporate social responsibility (CSR)
- strengthening the Company's reputation as an active sponsor of important social projects and initiatives, mainly in the Lublin region
- encouraging young people (including children of the Company's personnel) to get involved in sports activities, taking care of their physical and mental development by offering access to sports activities organized by entities sponsored by the Company
- building of social support for the Company's business activities
- continuing activities to create Bogdanka's image as a leader of the mining industry in Poland and Europe
- ensuring that the message is received by key stakeholders of the Company, such as customers, business partners, shareholders, investors and local communities

The above goals were realized through the following tools: sponsorship projects, PR projects, corporate social responsibility activities, as well as activation of projects through organizational support, and promotional and advertising activities. The projects were selected, reviewed and accounted for in terms of achieving the company's goals and efficiency.

Sponsorship

The company carries out activities in the form of sports sponsorship (projects with the greatest commercial potential) and socio-cultural sponsorship (projects with the greatest social potential). The overall sponsorship projects executed in 2021 translate into advertising, promotional and image benefits for the brand and the company. The primary strategic objective of the sponsorship activities is to support the implementation of the CSR strategy by strengthening the company's image as a patron of culture and sports, i.e. a socially responsible company – present in key initiatives valuable for the local community.

The company's sponsorship activities are carried out in two areas:

Sports sponsorship – a tool for the company to influence local communities by gaining the support of wider social groups. The company is aware that sports clubs and events act as key elements strengthening the community, and the tradition associated with each event strengthens social ties. Within the framework of sports sponsorship, the company is involved in professional and amateur sports, maintaining selected sports traditions of the region and supporting the development of young sports talents and developing the physical fitness of children and young people.

The projects that generated the most public interest and brought the greatest value to the exposure of the LW Bogdanka brand were the sponsorship projects:



Górnika Łęczna S.A.

(together with the Górnik Łęczna Foundation) – in the season of 2020/2021 the club won promotion to the top football league: PKO Bank Polski Extraclass. The club also runs a Sports Academy, teaching more than 400 children from the Łęczna town and region in three sports disciplines, and a Sports Championship School (a secondary school with a football profile), the only school of this kind in the Lublin province. This club has long-term with the mine, the town and the county and, at present, it is the top football club in the Lublin region.

In 2021, the LW Bogdanka S.A. brand exposure value of this project amounted to PLN 9.11 million (the highest value of all the sponsored entities).

Speedway Motor Lublin

(a speedway club which is a member of the PGE Speedway Extraleague under the name Motor Lublin). In the 2021 season, the club achieved a long-awaited success: after 30 years it won the silver medal in Poland's National Team Championship. The speedway club attracts most interest of all the sports clubs in the Lublin region with all its league matches in 2021 sold out.

In 2021, the LW Bogdanka S.A. brand exposure value of this project amounted to PLN 6.28 million.

MKS Avia Świdnik

project covering the sponsorship of the senior volleyball team (in the Tauron 1 League) and training for children and young people at a club with long volleyball tradition. The year 2021 confirmed the progress of the club as it, as newcomer, took the sixth place in the Plus League. In addition, the young groups achieved a high quality of training.

In 2021, the LW Bogdanka S.A. brand exposure value of this project amounted to PLN 0.57 million.

Social and cultural sponsorship – the Company's tool for shaping local communities in the region through getting support of opinion leaders as well as through the sponsorship of important social, cultural, scientific, technical and other events of significance for the social image of the brand. In 2021, the Company established cooperation with with recognized and praised cultural institutions from the Lublin area.

The most important institutions include the Polish Wieniawski Philharmonic Orchestra in Lublin, the Music Theater in Lublin, the Centre for the Meeting of Cultures in Lublin, the H. Ch. Andersen Theatre in Lublin, the City Culture Center in Łęczna, the City Culture Center in Świdnik and the City Culture Center in Chełm.

In exchange for sponsorship support, all the sponsored institutions provided image promotion and advertising services for LW Bogdanka S.A. In 2021 the Company completed 59 projects, including 26 of sports nature and 33 to support the development of the society and culture, and the total value of Lubelski Węgiel "Bogdanka" brand exposure arising from the sports sponsorship projects alone exceeded PLN 17.8 million in last year. In 2021, the Company allocated PLN 8.1 million to its sports and socio-cultural sponsorship activities.

Public relations

The remainder of the promotion budget was used in 2021 for correlated public relations activities using diverse communication channels (internet, social media, press, radio, television). These activities were focused on building public support for the company's business activities.

The most important ones included the participation in the Three Seas Congress, which was an excellent opportunity to present the company. The congress was attended by President Andrzej Duda, who visited Bogdanka's stand; one of the speakers was the President of the Management Board of LW Bogdanka S.A. From last year's events, one should emphasize the participation of a large group of our employees in the School of Underground Mining (SEP) – every year this industry event brings together experts, scientists and opinion-forming media. Shortly after the SEP, the inauguration of the Mining Leaders Academy took place. The company was represented by members of the Management Board in major events, such as the European Economic Congress and the Economic Forum in Karpacz.

Last year saw numerous activities on the Internet and social media aimed at popularizing the brand and presenting Bogdanka to a wider audience. This was made possible by making over a dozen videos showing various aspects of LW Bogdanka's operations and posting them on the company's official Facebook profile. These efforts also included materials produced jointly with TVP3 Lublin and the County Office in Łęczna. One of the projects worth mentioning was the material produced with the Maria Curie-Skłodowska University in Lublin presenting the mine from a scientific angle.

No less important are the interviews and articles that appeared both in the industry press (Trybuna Górnicza, nettg.pl, Energetyka24), in national papers (Forbes, Puls Biznesu, PAP) and in local media (Kurier Lubelski, Dziennik Wschodni, TVP3 Lublin, Radio Lublin).

Sponsorship and promotion [PLN 000s]

	2020	2021
Promotion	637.3	702.2
Sports sponsorship	5,958.0	7,419.0
Social and cultural sponsorship	183.0	722.0
Total	6,778.3	8,843.2



About this report



GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-54

This report is the ninth consecutive report published by the LW Bogdanka Group. It was prepared in accordance with the requirements of the Global Reporting Initiative Standards (GRI Standards) – Core compliance option. At the same time, this is the eighth integrated report prepared according to the International Integrated Reporting Framework guidelines. The report covers data from 1 January 2021 to 31 December 2021, unless a different scope is indicated in the text. The LW Bogdanka Group reports on an annual basis. The previous report was published in 2021 and covered the year 2020.

GRI 102-45

The report pertains to the LW Bogdanka Group, i.e. the parent company LW Bogdanka S.A., together with its subsidiaries, which are: Łęczyńska Energetyka Sp. z o.o., RG Bogdanka Sp. z o.o., EkoTrans Sp. z o.o. and MR Bogdanka Sp. z o.o.

GRI 102-47 GRI 102-49 GRI 102-46 GRI 102-48

Compared to the previous integrated report, published in 2020, there were no significant changes in the scope, coverage or measurement methods used. The report does not include corrections to information contained in previous reports. In the document, we described the most important issues related to employment in the company, the Group's social engagement and environmental protection. The most important topics from a sustainability perspective have been defined based on stakeholder feedback – we describe these issues in the stakeholder relations section of this report.

The report also includes information related to the Group's Strategy for the coming years, with a particular focus on the energy transition and plans related to maintaining an economic leadership role in the region.

GRI 102-56

The report has not been externally verified. The financial data included in the report are consistent with the Management Report on the Activities of LW Bogdanka S.A. and the LW Bogdanka Group for 2021 and the consolidated financial statements.

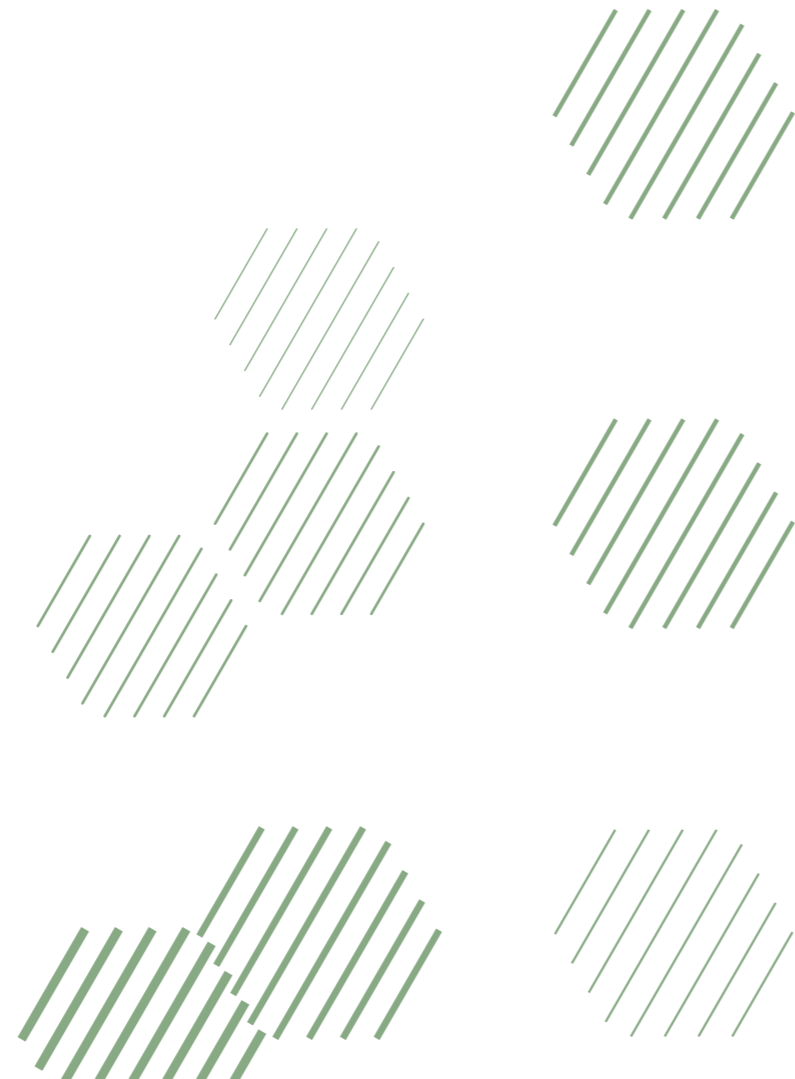
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GRI 102-55

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