



# REPORT OF THE MANAGEMENT BOARD

on the activity of LW Bogdanka S.A.  
and the LW Bogdanka Group for 2024



Grupa Kapitałowa  
Lubelski Węgiel Bogdanka





## Lubelski Węgiel Bogdanka S.A.

a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans assuming access to new deposits.

Share in the hard coal  
market in Poland



**18.4%**

Share in the steam coal  
market in Poland



**27.0%**

Share in coal supplies to the  
commercial power sector in  
Poland



**33.2%**

<b>Letter of the President of the Management Board</b>	<b>4</b>	<b>3. Corporate governance</b>	<b>75-105</b>
<b>1. Organisation and activity of the LW Bogdanka Group</b>	<b>5-50</b>	<u>Corporate governance statement</u>	76-77
<u>LW Bogdanka S.A. and the structure of the LW Bogdanka Group</u>	6-10	<u>Diversity policy</u>	78
<u>Operating model and the supply chain</u>	11	<u>Description of the main features of the internal control and risk management systems with reference to the process of drawing up separate and consolidated financial statements</u>	79-80
<u>Integrated value creation model</u>	11-13	<u>Share capital structure and shareholding structure of the Parent Company</u>	81-83
<u>Outlook</u>	14	<u>Investor relations</u>	84
<u>Conscious impact on the environment</u>	15	<u>Prices of LW Bogdanka S.A.'s shares on the WSE</u>	85
<u>Summary of 2024</u>	16	<u>Number of shares in LW Bogdanka S.A. held by the members of the Parent Company's governing bodies</u>	86
<u>Production potential and factors material for development</u>	17	<u>Dividend policy</u>	87
<u>Concessions</u>	18	<u>Management Board of the Parent Company</u>	88-94
<u>Development Strategy of the LW Bogdanka Group</u>	19-22	<u>Supervisory Board of the Parent Company</u>	95-100
<u>Investment activities</u>	23-25	<u>Audit Committee</u>	101-102
<u>Commercial agreements and financial instruments</u>	26-27	<u>External audit</u>	103
<u>Business environment</u>	28-32	<u>General Meeting of Shareholders</u>	104-105
<u>Risk management</u>	33-39		
<u>Working conditions and technical hazards, onerous factors</u>	40-41	<b>4. LW Bogdanka Group's Sustainability Report</b>	<b>106-173</b>
<u>Headcount</u>	42-45	<b>Chapter one:</b>	
<u>Remuneration</u>	46	<u>ESRS 2: General information</u>	107
<u>Marketing activities</u>	47-49	<b>Chapter two: Environment</b>	
<u>Information about the auditor as well as court and out-of-court proceedings</u>	50	<u>ESRS E1: Climate change</u>	128
<b>2. Financial standing</b>	<b>51-74</b>	<u>ESRS E2: Pollution</u>	133
<u>Coal production, sales and inventory of the LW Bogdanka Group</u>	52	<u>ESRS E3: Water and marine resources</u>	135
<u>Sales revenues and main suppliers of the LW Bogdanka Group</u>	53	<u>ESRS E4: Biodiversity and ecosystems</u>	138
<u>Financial results of the LW Bogdanka Group</u>	54-56	<u>Topic specific to the entity: Mining damage and land reclamation</u>	140
<u>LW Bogdanka Group's balance sheet</u>	57	<u>E5: Use of resources and circular economy</u>	141
<u>LW Bogdanka Group's cash flows</u>	58	<b>Disclosure pursuant to Article 8 of Regulation 2020/852 (Taxonomy)</b>	<b>146</b>
<u>LW Bogdanka Group's economic indicators</u>	59-60	<b>Third chapter: Social issues</b>	
<u>LW Bogdanka Group's provisions</u>	61	<u>ESRS S1: Secure employment conditions, Freedom of association, Health and safety at work, Training and development</u>	155
<u>Sales revenues and main suppliers of LW Bogdanka S.A.</u>	62	<u>Topic specific to the entity: Availability of employees</u>	163
<u>Financial results of LW Bogdanka S.A.</u>	63-65	<u>ESRS S3: Affected communities Topic specific to the entity: Relations with the community and maintaining the licence to operate</u>	164
<u>Balance sheet of LW Bogdanka S.A.</u>	66	<u>Topic specific to the entity: Innovation and industry, Conflict in Ukraine</u>	165-166
<u>Cash flows of LW Bogdanka S.A.</u>	67	<b>Fourth Chapter - Corporate governance</b>	
<u>Economic indicators of LW Bogdanka S.A.</u>	68-69	<u>ESRS G1: Business conduct</u>	167
<u>Provisions of LW Bogdanka S.A.</u>	70	<u>Topic specific to the entity: Regulations in the field of sustainable development</u>	169
<u>Costs of LW Bogdanka S.A.</u>	71-73		
<u>Other information affecting the financial position of the LW Bogdanka Group</u>	74	<b>Glossary</b>	<b>174-175</b>





#### Dear Shareholders,

I am pleased to provide you with a report on the activities of Lubelski Węgiel Bogdanka S.A. and the LW Bogdanka Group for 2024. The past year was a challenging time for us, but also an opportunity to strengthen our position as a leader in the mining industry in Poland. Despite market difficulties and a dynamically changing business environment for the coal mining industry, we closed the year with a very good operating result and ambitious plans for the future.

#### Achievements and challenges of 2024

2024 was marked by further adaptation to the rapidly changing market environment and regulatory environment. Effective management of mining processes and continuation of investment in infrastructure development were crucial. Due to the commitment of our staff, despite the decline in coal demand from our key customers and unfavourable market conditions, we were able to achieve the updated production plan of 7.9 million tonnes of commercial coal.

#### Financial and operating results

In the past year, the LW Bogdanka Group generated revenues of PLN 3.7 billion. After taking into account non-recurring impairment losses on non-current assets, EBIT closed with a loss of PLN 1.9 billion. EBITDA, on the other hand, reached PLN 981.1 million. After adjusting the results for the impact of the asset impairment write-off, the net result amounted to PLN 471.8 million. Despite challenging market conditions, we have maintained high operational efficiency and cost flexibility, which will allow us to better adapt to future developments in the energy sector.

#### Highlights of the year

In March 2024, we received a notice from our key contractor on reducing its coal demand by almost 1 million tonnes, which required an update of the mining plans. Consequently, in the following months, we took the necessary measures to optimise the production plan, adapting it to the changing market demand. In April 2024, the Supervisory Board decided to appoint new members of the Management Board, which was crucial for the future direction of the Company's development. We also analysed the sponsorship area and, as a consequence, we have changed our approach to sponsorship, focusing more on strategic partnerships and long-term support for social and sporting initiatives, which allowed for better adjustment of our activities to the Company's values and stakeholder expectations. A significant event, the results of which we have included in the in the 2024 financial statements was also the performance of impairment tests on assets. We recognised impairment losses on non-current assets, which affected the accounting treatment of our financial results.

#### Development and strategy

In 2024, we started work on updating Bogdanka's development strategy. Our new strategy focuses on the Company's long-term development and transformation initiatives responding to the challenges associated with the transformation of the Polish energy sector and the downward trends in the use of coal in the energy mix. We will aim at gradual diversification of our operations, however, maintaining the dominant role of our core business, steam coal mining. One of the priorities in 2024 was consistent with this assumption, namely to increase mining efficiency and improve occupational safety, which was achieved through the implementation of modern technological solutions and the digitalisation of mining processes.

#### ESG and social involvement

LW Bogdanka is consistently developing its activities in the area of sustainable development and social involvement. 2024 was another year of implementation of the initiatives significant from the point of view of the local community and responding to the needs and expectations of stakeholders we had identified primarily through the process of double materiality analysis. It was the new ESG reporting standard that determined the new approach to managing social, environmental and governance issues in our Group. Sustainability reporting based on ESRS standards increases the transparency of our non-financial activities and allows recipients of this Report to better assess the results. Invariably, the environmental efficiency remains an area of development activity important for Bogdanka. We invest in projects related to the circular economy and mitigating the environmental impact, where the management board of LW Bogdanka is supported by, among others, the Scientific Council for Environmental Protection. In the past year, we also continued our emission reduction efforts, including upgrading the air filtration systems at coal preparation plants and

implementing initiatives to increase mine energy efficiency. Moreover, we worked on the new methodology for the measurement of carbon footprint and digitalisation of the process and we were analysing the possibilities for implementing and using renewable energy sources, however, key investments in this area are still at the stage of planning.

#### Outlook for 2025

Looking forward, we see the challenges in the continued transformation of the energy sector, but also opportunities for the development and diversification of our business. We are planning further investments in innovative technologies and implementation of solutions to support our competitiveness on the market. We are convinced that due to the commitment and professionalism of our team, we will be able to meet the upcoming challenges. I would like to thank all employees, partners and stakeholders for their commitment and contribution to the development of the Company. Due to your work and engagement, we can look to the future with optimism.

Respectfully Yours,

**Zbigniew Stopa**  
President of the Management Board of LW  
Bogdanka S.A.

# 1. Organisation and activity of the LW Bogdanka Group



## LW Bogdanka S.A.

is a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial performance, mining efficiency and investment plans, including access to new deposits. The bituminous coal sold by the Company is used predominantly for the production of electricity, heat and cement. The Company's customers are mainly industrial companies, primarily those operating in the power sector, located in eastern and north-eastern Poland. LW Bogdanka S.A. is part of the Enea Group, one of the leaders of the Polish energy market. The company has been listed on the Warsaw Stock Exchange since 2009.

### LW Bogdanka S.A. has three mining fields:

- Bogdanka
- Nadrybie
- Stefanów

### The structure of coal production in 2024 was as follows:

- fine coal - 98.5%
- pea coal - 1.2%
- chestnut coal - 0.3%

### Use of LW Bogdanka S.A.'s coal:

- electricity production
- heat generation
- cement production

### The Company's key customers include (percentage share of revenue):

- Enea Group - Enea Wytwarzanie (68%)
- Enea Group - Enea Połaniec (15%)

### The Company holds four concessions for mining of hard coal from the following deposits (areas):

- Bogdanka (Puchaczów V)
- K-3 (Stręczyn)
- Ostrów (Ludwin)
- K-6, K-7 (Cyców)

### Modern technology

LW Bogdanka S.A. cares about the safety of its employees and the natural environment. In the mining process, it applies state-of-the-art technologies and world-class machinery, consequently, it is a mine with the highest efficiency and best performance rates in Poland. The underground productivity of the Company is more than twice the average value in the hard coal mining industry in Poland.

### Cost control

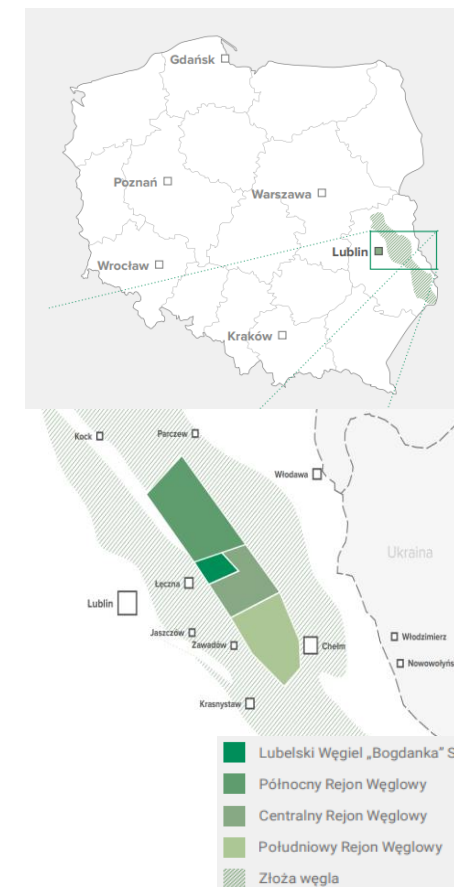
The Company remains the efficiency leader in the Polish mining industry owing to its consistently implemented Cost Optimisation Programme. The Company's strategy assumes a further decrease in the Unit Mining Cash Cost.

### The Company has a deposit management system in place, consisting of:

- digital deposit model (the only one to date in the Polish hard coal mining sector)
- digital map of mining excavations
- digital schedule of opening, preparatory and operational works.

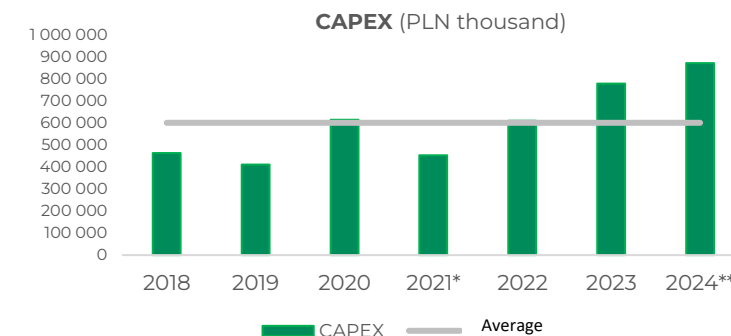
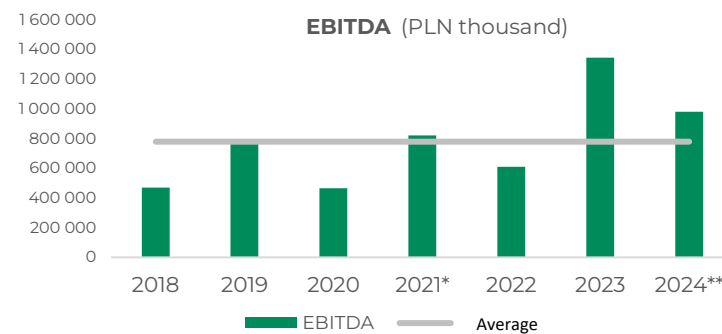
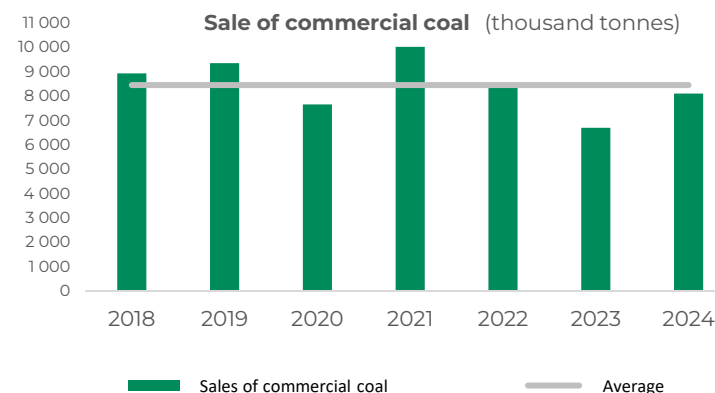
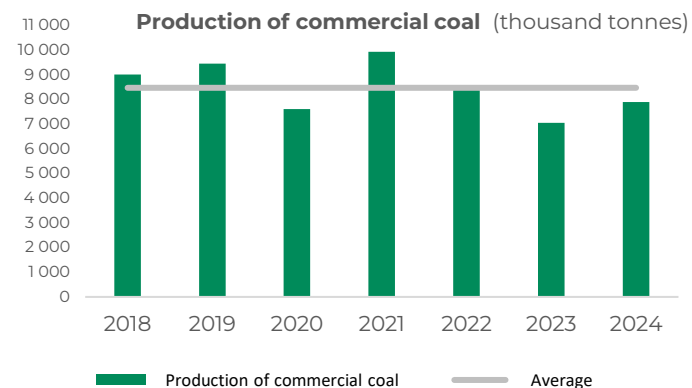
### We have built our success based on:

- highly qualified staff, top technical culture focused on cooperation and achievement of common objectives
- highly efficient, reliable, energy-saving machinery and equipment, properly adjusted to existing geological and mining conditions, mechanizing both primary mining works and a broad range of auxiliary works
- mechanisation and automation of the broadest possible range of underground works
- deployment of modern IT systems for various areas of mining activity, aimed at streamlining technological processes, monitoring the operation of machinery and equipment, useful in production planning and hazard identification.





## Long-term sustainability of business



\*items after restatement of data for 2021 due to the Group's application of the amendments to IAS 16 standard - see note 2.1.1 of the Consolidated Financial Statements for 2022 for details.  
 \*\*data adjusted for non-recurring write-offs - for more details, see note 4.3 of the Consolidated Financial Statements for 2024.



Taking into account the Group's structure and the fact that the basis for the Group's operations and activities is the business conducted by LW Bogdanka S.A. (activities of subsidiary companies are primarily ancillary to the activities conducted by the Parent Company), the descriptions presented in the Report refer also directly to the activities and events taking place within LW Bogdanka S.A. Wherever there are any discrepancies, this is clearly indicated by posting an appropriate description and data.

**Lubelski Węgiel Bogdanka Spółka Akcyjna**

Address: Bogdanka, 21-013 Puchaczów,  
Lubelskie Voivodeship  
Phone: +48 81 462 51 00, +48 81 462 51 01  
Fax: +48 81 462 51 91  
www: [www.lw.com.pl](http://www.lw.com.pl); [www.ri.lw.com.pl](http://www.ri.lw.com.pl)  
REGON: 430309210  
NIP [taxpayer ID No.]: 713-000-57-84  
e-mail: [bogdanka@lw.com.pl](mailto:bogdanka@lw.com.pl)

**Legal form and regulations underlying the Company's activity**

LW Bogdanka S.A. is a joint stock company operating under the laws of Poland. The Company operates on the basis of, among others, the following legislation:

- Act of 15 September 2000 - Commercial Companies Code
- Act of 9 June 2011 - Geological and Mining Law

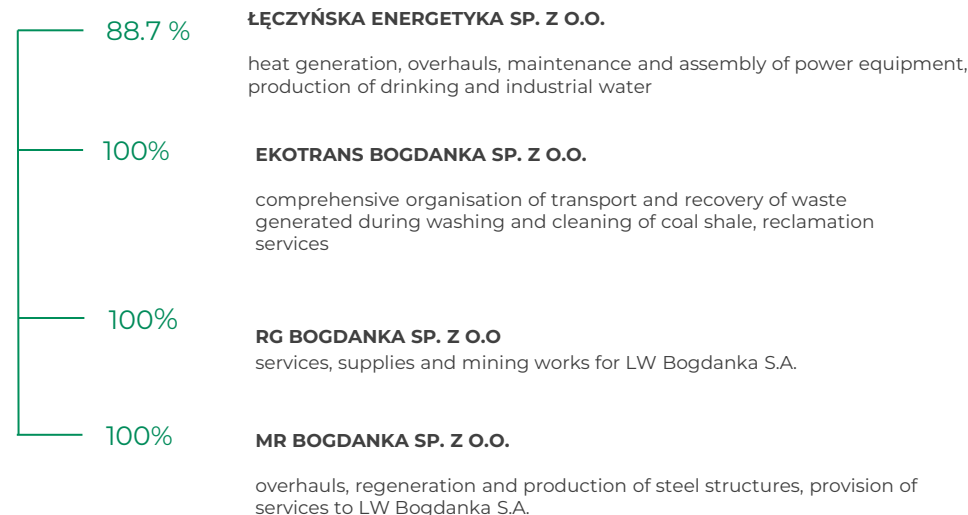
The founder of the Company is the State Treasury represented by the Minister of the State Assets.  
The Company may operate in the territory of the Republic of Poland and abroad.  
The Company is established for an unlimited duration.

**Historical background**

17 January 1975	1 March 1993	29 December 1994	25 June 2009	29 October 2015	17 November	20 December 2019	17 December 2020	17 May 2023
decision made to build a pilot and extraction mine in Bogdanka. Bogdanka was one of 7 mines that were to be built in the Lublin Coal Basin, but due to suspension of the project, it turned out to be the only one.	transformation of the state-owned enterprise into a wholly-owned State Treasury company with the business name: Kopalnia Węgla Kamiennego "Bogdanka" S.A.	as part of the implementation of the provisions of a bank settlement, as a result of debt conversion, KWK "Bogdanka" S.A. ceased to be a wholly-owned State Treasury company as new shareholders (creditors) acquired 4.0% of the Company's shares	IPO on the Warsaw Stock Exchange	LW Bogdanka S.A. became part of the Enea Group	obtaining a concession for mining of hard coal from the Ostrów deposit in the Ludwin mining area	obtaining a concession for mining of hard coal from the "Lublin Coal Basin – Area K-6 and K-7" deposit in the "Cyców" mining area	adoption of the new LW Bogdanka Group Strategy for 2023-2030 with an outlook to 2040 in response to rapid developments in the domestic and international market in 2020	adoption of the new LW Bogdanka Group Strategy for 2023-2030 with an outlook to 2040 in response to rapid developments in the domestic and international market in 2023



## Structure of the LW Bogdanka Group



## Changes in the structure GK LW Bogdanka

In 2024, there were no changes in the structure of the LW Bogdanka Group or in its organisational and capital relations with other entities. During this period there were no changes in the structure of the LW Bogdanka Group as a result of merger of business entities, takeover or sale of the Group's entities, long-term investments, demerger, restructuring and discontinuation of activity.

As at the date of submission of this Report, LW Bogdanka S.A. also holds 22.41% of shares in Kolejowe Zakłady Maszyn KOLZAM S.A., with the share capital of PLN 750 thousand (bankruptcy proceedings have been discontinued, the company is not conducting any business activity). The title to the shares has been transferred to the Parent Company as security for the financial settlements for performance of transportation services. This company has not been consolidated.



**Management**

The management process in LW Bogdanka uses an Integrated Management System that includes quality, environmental and health and safety management systems. Our vision, mission and strategic goals are defined

in the Integrated Management System Policy.

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

The activity of LW Bogdanka is exercised by the Supervisory Board. About the risks and how these risks are managed. The Management Board presents to the Supervisory Board regular and exhaustive information about all the important matters pertaining to the Company's activity as well

as about the risks and how these risks are managed.

The members of the Supervisory Board are appointed and dismissed by the General Meetings of Shareholders for a term of three years. The procedures of the Supervisory Board's work are defined in detail in the Supervisory Board Bylaws.

### 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 organisational as well as technical and technological solutions.
3. Our activity is driven by the overriding values, such as: 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 also care for protecting the environment and reducing undesirable environmental impacts, as well as ensuring and prioritising 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 care of the Mine management to ensure the resources, including the means necessary to improve the competence and commitment of all of the Company's employees.

## Operating model and the supply chain

### Core business - we mine coal

The LW Bogdanka Group as a company primarily involved in the extraction and processing of coal, is located at the very beginning of the industry's supply chain. The core production is accompanied by execution of other activities, carried out mostly by subsidiaries (production of heat, water treatment and supply, and wastewater collection, as well as transportation services, to the extent related to rail transport of coal and transport of waste rock).

### We supply raw material to other industries

Looking at the dominant coal production business, the company is primarily a supplier of raw material to other industries (power industry, cement production, chemical industry), located at the beginning of their supply chain.

### Purchasing and our suppliers

Of course, this does not mean that LW Bogdanka does not have suppliers and does not use products and services from other sectors. The following purchases are of key importance from the point of view of the mine's supply chain:

materials, fuels and energy, as well as specialised products and services specific to the mining industry (e.g., drilling and reconstruction of excavations, haulage of winnings, as well as the supply of roadway supports, mining machinery and equipment). The mine also needs huge and stable supplies of electricity and fuel. Without electricity, the heavy equipment installed underground would not operate, it would be impossible to bring the winnings to the surface, drainage pumps would not work, nor would air-conditioning systems.

### Rail transport

Diesel oil, on the other hand, is used underground for transport purposes, as well as by surface rail transport.

### External entities

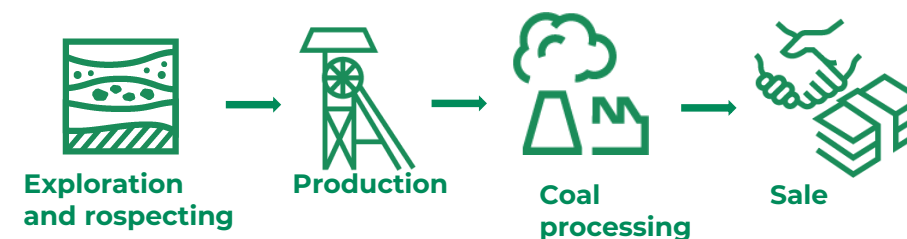
It should also be mentioned that some of the companies that carry out work for the LW Bogdanka Group perform it on the premises of the mine, including underground, with the consequence of extending social responsibility, related, for example, to the area of occupational health and safety, to cover people working on the site of the mine who are not its employees. They undergo training in this area, and besides, the standards of their work are subject to constant monitoring and control.

In addition to the aforementioned work, other tasks are outsourced to external entities, typically carried out under an outsourcing model (e.g., transportation, security services). In connection with the execution of all kinds of work, every day, in addition to own employees, several hundred - and sometimes even more than a thousand - employees of external companies work on the site.

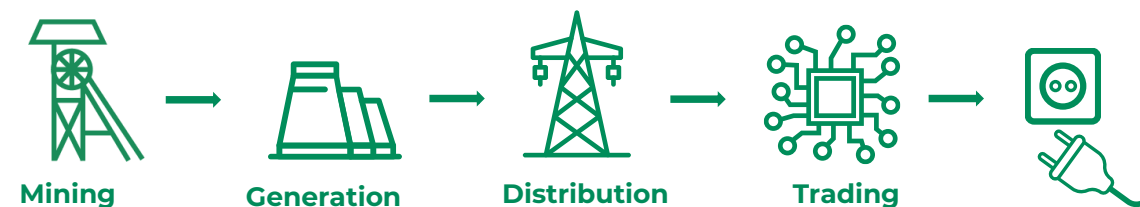
### Share in the Enea Group value chain

As the LW Bogdanka Group is a member of the Enea Group, the supply chain can be approached from a different, broader perspective. Enea can be proud of the fully integrated value chain. This has economic implications, such as stability and security of supply, as well as resilience to commodity price fluctuations. It also provides opportunities for synergy effects (e.g., a power purchase agreement with Enea S.A., securing a sales market for coal). From a liability management perspective, such a highly vertically integrated business model allows for practically full control over the social and environmental impacts associated with the creation of economic value.

### LW Bogdanka Group's value chain



### Enea Group's value chain



## Integrated value creation model

### We create value responsibly

A comprehensive approach to responsible management involves a holistic view of the organisation and its performance. One of the insights is the process of value creation from the perspective of analysis of six capitals:

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

The analysis, in the context of the six capitals, goes beyond the characteristics of the business and its financial results, taking into account:

- the forms of dialogue with the stakeholders that accompany them
- linking individual capitals to the categories of business risk that the Group manages and controls - through a responsible management approach.

This approach makes it possible to present in a transparent way the relationship between business as usual and responsible management, and between business strategy and adherence to the principles of sustainable development. In the industry such as mining, the mitigation of risks related to social and environmental issues cannot stop. Their awareness is the starting point for responsible management.

### We take a long-term view

The mine's operations need to be perceived in the long term - it is today's decisions and investments that translate into preparing the deposits for mining and ensuring production capacity in the years to come. On the other hand, whether and what deposits will be mined determines the time horizon of the mine's operation.

### We take a strategic view

LW Bogdanka's strategy assumes such an approach to concession and mining management that will allow mining operations to continue until 2049 and introduce diversification of this branch of activity in terms of new strategic raw materials for the energy transition.

### We take care of our neighbours

Open and partnership-based dialogue with local stakeholders directly translates into the functioning of the communities of the mining municipalities and the Łęczna District. These are thousands of people whose economic situation, among other things, due to the employment plan, depends on the financial result of the mine. This is also high revenues to municipal budgets from taxes and other public tributes paid by LW Bogdanka, thanks to which local governments can effectively carry out their own and commissioned tasks.

### We are an innovative mine

Mining planning, using unique and innovative technologies related to, among other things, digital modelling of the deposit, makes it possible to predict surface deformation and, therefore, subsidence processes affecting environmental changes and those in flora and fauna. This is also forward thinking about landscaping, e.g. in connection with waste rock storage, as well as innovative solutions for its alternative economic use outside of mining, in line with the circular economy.

Activities in all production and management processes of the LW Bogdanka Group, when analysed through the prism of the six capitals and in a long-term perspective, are interrelated and interdependent. The ability to create added value for these six areas is strategic, i.e. anchored in business strategy, sustainable development, undergoing a continuous process of improvement.





## Value creation model at LW Bogdanka Group



**Financial capital** - these are all sources of financing for mining and other related activities. This is the share capital entrusted by the owners, the financial results generated, and long and short-term liabilities. With these funds, we can invest and develop our current and future operations.

### Key volumes and cash transfers, versus capitals:

- Total assets PLN 3,904.5 million
- Equity PLN 2,706.5 million
- Revenues PLN 3,665.1 million
- Net loss PLN -1,491.3 million
- Net profit after adjusting by impact of material non-recurring events: PLN 471.8 million

### Stakeholders and forms of dialogue with them versus capitals:

- Strategic and operational cooperation with the majority
- Daily telephone and electronic communication with minority shareholders and other capital market participants and lenders
- Participation in capital market initiatives
- Current and periodic reporting and integrated reporting

### Risk management versus capitals:

- Risks related to the socio-economic situation in Poland and worldwide Insurance risks
- Risk associated with the state's economic policy towards the hard coal mining industry
- Risk related to the prices of energy commodities in Poland and globally
- Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events
- Risk of changes in the tax law
- Risk of property tax in relation to LW Bogdanka S.A.'s mine workings
- Risk of customers' insolvency



**Production (operational) capital** - this is all the mining, energy and transportation infrastructure we have. This is the entire underground and above-ground infrastructure of the mine and the accompanying machinery, equipment, as well as modern IT infrastructure. It also includes heating plants, its own rail siding, as well as rolling stock and an integrated management system.

- Fixed assets: PLN 2,232.0 million, including property, plant and equipment of PLN 1,849.1 million
- PLN 870.8 million in investment and development expenditure in 2024.

- Analysis of lodged complaints and direct contact with customers to identify areas of improvement
- Cooperation and direct exchange of opinions with suppliers and subcontractors to improve efficiency and safety at work

- Risk associated with the launch of mining from new deposits of the LW Bogdanka Group
- Technical and technological risks
- Risks associated with the high costs of the technologies used by the Group
- Risk of IT system failures
- Key supplier risk
- Risk of supplier price collusion
- Risk of extension of the process of issuing administrative decisions on the conduct of mining operations



**Human capital** - the people employed underground and on the surface, the experts and originators of improvements, along with their knowledge and experience, which make up a unique resource, i.e. competence, and thus related intellectual capital. This is also an established culture of safety and responsibility for yourself and your colleagues, as well as an ethics and compliance system.

- 6,167 employees in the LW Bogdanka Group
- average monthly salary in the group at PLN 13,185
- PLN 288.0 million in OSH spending in 2024
- Decrease in accident rates by 7% in relation to 2023 as a result of implementing a plan to improve workplace safety and build a safety culture
- 142 people working at LW Bogdanka S.A. employed under the "Pass to Work" programme,

- Work within the OHS Commission (including dialogue with the trade unions and their representatives)
- Implementation of the Compliance Policy
- Partnerships with trade schools and universities - educating future personnel for the LW Bogdanka Group as a multicommodity concern

- Risk related to the strong position of the trade unions in the Group
- Risk associated with retaining and recruiting the Group's personnel

## Value creation model at LW Bogdanka Group



**Intellectual capital** - knowledge and innovation which contribute to the efficiency and innovativeness of the mine. They provide unique efficiency and effectiveness in coal mining, as well as new solutions to increase the Group's flexibility in relation to the market situation, investment plans or policies and new responsibilities. Intellectual capital also includes the knowledge gained from local research partners.

### Key volumes and cash transfers versus capitals:

- 81,402 hours of employee training
- PLN 17.5 million - net book value of intangible assets, including the value of geological information of PLN 9.3 million
- PLN 38 thousand for scholarships for top students of partner high schools
- 11 employees who started their 1st and 2nd degree study programmes with funding in 2024

### Stakeholders and forms of dialogue with them versus capitals:

- Technology partnerships and tech dialogue
- Cooperation with the academic community, including the Association of Lublin Universities
- Industry cooperation under strategic partnership agreements (Węglkokoks, KGHM Polska Miedź)
- Activity of the Scientific Council for Environmental Protection at the LWB Management Board
- Coordination and development of the network of RES and CE Clusters based on the strategy

### Risk management versus capitals:

- Technical and technological risks



**Social Capital** - contribution to the socio-economic development of local communities living in the Lublin Region - in particular, based on the ESG strategy consistent with the local "Green Mining Region" strategy for mining municipalities. Relationships, based on constructive dialogue and trust, and as a result, no conflicts with stakeholders. Unique, constructive attitude of trade unions. Reducing the negative social effects of mining activities (effective removal of mining damage) and implementing LWB's *Social Involvement Policy*.

- PLN 1.3 billion transferred in 2024 to the community in the form of expenses for employee benefits
- PLN 3.5 million to remove mining damage in the local community in 2024
- PLN 0.6 million for charity in 2024
- PLN 162.8 million payments to public administration in 2024

- Regular meetings of the Management Board with the Trade Unions
- Regular meetings of the Consulting Team for periodic assessment of impacts of mining operations on the surface within the boundaries of Cyców, Ludwin and Puchaczów municipalities
- Open conferences, public consultations
- ESG strategy
- ESG reporting

- Risks associated with reclamation and mining damage
- Risk related to the strong position of the trade unions



**Natural capital** - Reducing negative environmental impacts, including biodiversity, natural resource management and waste management. Reducing environmental emissions, calculating and publishing the Group's carbon footprint. Maximising environmental performance through investment projects and innovation, as well as partnerships with environmental organisations and institutions. Diversifying operations to support "green transition".

- 2.5 million tonnes of commercially used mining waste
- 3.8 million m<sup>3</sup> of recovered and commercially used mine water
- PLN 57.3 million of environmental spending in 2024, including nearly PLN 2.5 million for monitoring and reclamation
- PLN 0.8 million - expenditure incurred for projects dedicated to the support of ecosystems and biodiversity

- Issuing opinions on projects and investment plans in terms of impact on ESG aspects
- Activity of the Scientific Council for Environmental Protection
- Cooperation with environmental organisations in assessing the impact of mining activities on the environment
- Signing a cooperation agreement with the Polesie National Park

- Risk of restrictive climate policies resulting in changes to applicable law
- Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits
- Risk related to mining waste management
- Investment risk associated with the presence of protected areas

## Outlook and impact of the environment on the Company's operations

### Global coal production

Approximately 8.8 billion tons of coal are produced worldwide. It is estimated that this level will be maintained in the coming years. Although this represents an increase of only 1% (which is a significant slowdown compared to the previous years after the pandemic), it shows that coal remains significant globally. Coal consumption is estimated to remain stable at around 8-9 billion tons in the coming years, mainly due to the development of renewable energy. Coal consumption in the European Union has been on a steady decline, driven in particular by the strategy of decarbonisation and expansion of renewable energy. Total coal consumption in the European Union would amount to 312 million tonnes in 2024, which means a decline of 12% compared to 2023. By 2027, reduction of consumption to 244 million tonnes is expected. It means a continued average annual decrease of around 7.9%. Coal-fired power generation accounted for about 10% of the EU energy mix in 2024, but it will drop to 7% by 2027. This decline will be accelerated by the expansion of renewable energy sources, especially solar and wind energy.

### Domestic coal production

According to the National Energy Policy (PEP 2040), hard coal production in Poland will decline. In 2024, 44.0 million tons of hard coal were produced and 16.9 million tons were imported into Poland. A decline in mining is expected in the next few years. Steam coal mining in Poland is expected to end by 2049. Our production accounts for approximately 18% of domestic output.

### Power plant capacities

The update of the National Energy Policy assumes the use of coal-fired power plants and combined heat and power plants, despite further increases in generation from gas-fired units.

### Coal prices in Poland

Hard coal prices in Poland in 2024 were 30% lower than in the previous year. This was affected by falling prices on the global market, falling demand, rising stocks. In the longer term, prices are expected to stabilise.

### Factors affecting our industry:

- EU and national regulations
- Russia's invasion of Ukraine
- Coal prices in the world and in Poland
- Steel and energy prices
- Prices of other energy sources: crude oil, gas, renewable sources
- RES production volume
- Transition of the economy towards low-carbon

Important factors influencing the LW Bogdanka Group's market position include the government's plans regarding hard coal mining companies and the power sector. Since 2 February 2021, "Poland's Energy Policy until 2040" approved by the Council of Ministers has been in force, with the assumption that hard coal is still an important source of energy for the Polish economy in the perspective of 2030 and beyond. However, due to a significant change in the geopolitical and economic situation in 2022, work has been launched on updating the PEP 2040, which is still not completed. It should be noted, however that the projected still relatively high role of coal in the Polish Power System and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

### How do we perceive the future of the industry in the country?

Trends shaping the future of the coal market in Poland include:

Green transition resulting from EU policy:

- Support for RES development
- Reducing demand for steam coal
- Striving to achieve climate neutrality
- Social pressure related to climate change

Changes in the volume and structure of demand:

- Moving away from steam coal in favour of RES
- Increase in energy efficiency and self-production of energy in industry
- Recognition of coking coal as a strategic raw material

Limited funding options:

- Abandoning the funding of coal projects by financial institutions
- Building low-impact (so-called non-carbon) portfolios by financial institutions

Mine phasing-out process:

- Steam coal mining in Poland is expected to end by 2049.
- Decommissioning of the sector involves a number of socio-economic risks

### How do we perceive our future?

According to the Strategy, steam coal production will remain the core pillar of our business. We intend to leverage our resources and market advantages, including innovation and cost control. LW Bogdanka is the third largest hard coal producer in Poland and the undisputed leader in efficiency - based on its high mining competence we plan to develop the other pillars of our business - the multicommodity approach, production of components for renewable energy sources or energy storage. Our ambition is to remain the economic pillar of the region, providing stable employment. The steam coal market in Poland in recent years has shown unprecedented dynamics and difficult-to-predict operating conditions. The Company is closely monitoring these changes and responding to them on an ongoing basis. In the short term, costs and expenses are also under full control. In the long term, in addition to efforts to improve efficiency, it may be necessary to optimise the production process and make operational adjustments to the expected level of coal demand. All these measures will help maintain long-term mining profitability and keep the lowest unit cost of coal production.



## We consciously influence the environment

### We care about economic and social development and our employees

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 basic salary and bonus system, our employees receive a number of additional financial and non-financial benefits – from “Barbórka” benefits, fourteenth salary, jubilee awards, vacation benefits, or subsidized nursery/preschool and children's and teenagers' vacations, to supporting development, entrepreneurial attitudes, quality and accessible education for all, and numerous social initiatives.

LW Bogdanka is the economic pillar of the region and we want to support values that integrate social communities. Therefore, we are implementing the Social Involvement Policy, which involves the development of the cultural, scientific, educational, health spheres, building the local infrastructure and securing other needs of the local community.

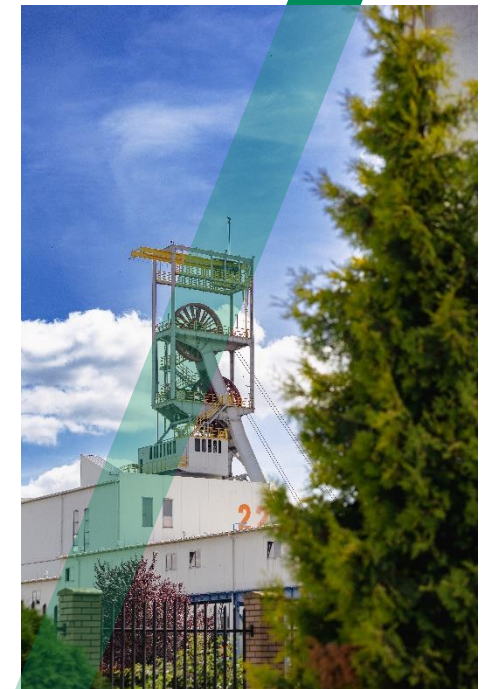
### How we take care of the local infrastructure:

- We improve safety on roads and in other public spaces
- We take care of water management and counteract drought and negative phenomena related to water availability
- We reclaim and nurture green spaces, promoting sustainable development, organic farming or supporting native species
- We care about the aesthetics of urban and rural spaces, while promoting shared responsibility for public order.

### Our social activities focus, among others, on the following areas:

- Social affairs - support of charitable organisations, counteracting social exclusion, ensuring equal opportunities
- 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 - supporting medical institutions, promoting prevention and healthy lifestyles, countering civilization diseases and taking care of the overall improvement of community health;
- National memory and identity, protection of heritage, supporting art and culture – 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;
- Increasing the availability of cultural events, promoting artists and authors,
- Environmental protection, ecology – supporting initiatives and 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;

We value our neighbours and the area where we operate. We are proud of the Region and its inhabitants: their energy, ideas and local engagement. At the same time, we realise that our mine is the economic pillar of the entire voivodship. Therefore, we support Lublin initiatives and have worked on the reputation of a good partner for years. We realise the challenges faced by the enterprises operating in our industry and know that these issues are also of concern to residents of the Lublin region and local authorities. We work together on responsible changes that will allow us to preserve stability of employment. Our Group's ESG Strategy is the answer to these challenges.



## Summary of 2024

### Highlights

- receiving a judgement in a patent case
- receipt of a notice from a key business partner on reduction of demand for coal in 2024 by approx. 934 thousand tonnes
- updating the production target for 2024 to approx. 7-8 million tonnes of commercial coal
- extraordinary General Meeting of Shareholders - adoption of resolutions on changes in the composition of the Supervisory Board, resolutions on the amendment to the Remuneration Policy for Members of the Supervisory Body and the Management Body of LW Bogdanka S.A. and on the amendment to the rules for setting the remuneration of members of the Management Board
- changes in the composition of the Supervisory Board
- changes in the composition of the Management Board of the Company
- session of the Annual General Meeting
- decision on the payment of the dividend
- write-down on the carrying amount of value of non-current assets in the amount of PLN 1,121 million, in connection with the results of impairment tests on assets
- conclusion of an annex to the agreement with Grupa Azoty Zakłady Azotowe "Puławy" S.A.

### Events after the balance sheet date until the day of publication of the Report

- conclusion of annexes to long-term agreements for the supply of coal with ENEA Wytwarzanie sp. z o.o. and ENEA Elektrownia Połaniec S.A.
- information on the award and payment of compensation for the damage to wall 3/VII/385 of February 2023. The amount of compensation awarded was PLN 144.85 million
- write-down on the carrying amount of value of non-current assets in the amount of PLN 1,249 million, in connection with the results of impairment tests on assets as at 31 December 2024.

### Operating data

**12.0 million tonnes** Gross coal extracted

**65,5%** Output

**7.9 million tonnes** Production of commercial coal

**21.8 km** New excavations

**8.1 million tonnes** Sales of commercial coal



### Financial data GK LW Bogdanka

**PLN 3,665.1 million** Sales revenues

**PLN 582.6 million** Sales profit

**PLN -1,855.0 million** EBIT

**PLN 568.6 million** EBIT - data adjusted after one-off write-down

**PLN 981.1 million** EBITDA

**PLN -1,491.3 million** Net loss

**PLN 471.8 million** Net profit - data adjusted after one-off write-down

### Headcount

**6,167 persons** Headcount as at the end of 2024

**0.6%** Increase in headcount compared to 2023

# Production potential and material factors related to the growth of LW Bogdanka S.A. and the whole Group



- K-6 and K-7 deposits in the Cyców mining area, located in Cyców municipality, with a total area of 51.78 km2, with seams 379, 380, 382, 387, 389 and 391 earmarked for mining operations.

## Material factors related to the growth of LW Bogdanka S.A. and the whole Group

- stable volume of sales as a benefit of membership in the Enea Group
- rich reserves of hard coal, ensuring the continuation of mining operations for a long time to come
- highly skilled employees and technical culture
- innovation and development of state-of-the art. technologies
- many years of experience that translates into business efficiency and flexibility.

## The mining area exploited by the Company is divided into the following three mining fields:

- Bogdanka field
- Nadrybie field
- Stefanów field

## Mine shafts are located in:

- Bogdanka
- Nadrybie
- Stefanów

## Extraction shafts are located in:

- Bogdanka
- Stefanów

## The Company holds four concessions for mining of hard coal from the following deposits:

- Bogdanka deposit in the Puchaczów V mining area (seams: 382, 385/2, 389, 391) with an area of 73.3 km2, located in Cyców, Ludwin and Puchaczów municipalities of the Lubelskie Voivodeship
- K-3 deposit in the Stręczyn mining area (seams: 379/2, 385/2, 391) with an area of 9.38 km2, located in Cyców and Puchaczów municipalities of the Lubelskie Voivodeship
- Ostrów deposit in the Ludwin mining area, located in Ludwin, Łęczna, Ostrów Lubelski, Sosnowica, Uścimów and Puchaczów municipalities, with a total area of 78.67 km2, with seams 377/I, 379, 382 and 385/2 earmarked for mining operations

Hard coal deposit resources - Bogdanka (Puchaczów V) - updated as at as at 31 December 2024

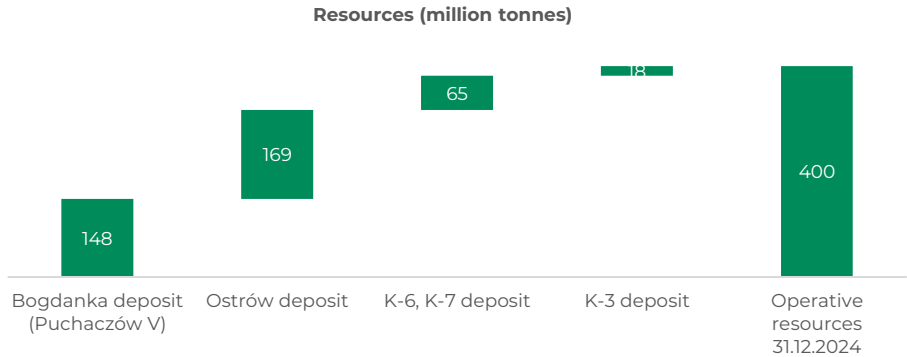
Resources [million tonnes]	year			Difference
	2022	2023	2024	2024-2023
Total balance sheet	724.9	718.9	712.2	-6.7
Potentially industrial*	247.9	232.7	228.0	-4.7
Potentially extractable*	169.0	151.3	148.2	-3.1

\* Potentially extractable resources that may be exploited on the basis of the concessions held by the Company and upon extension of the concession for the Bogdanka deposit (the Company is in the process of granting the concession)

Hard coal deposit resources updated as at as at 31 December 2024

Resources [million tonnes]	Ostrów	K-6, K-7	Stręczyn - K-3
Total balance	1,247.6	656.0	143.2
Industrial	247.0	90.4	22.2
Extractable	169.0	65.1	18.0

\*Balance resources in the concession area





## Concessions

Mining operations involving the extraction of hard coal for economic purposes must be carried out in accordance with the provisions of the Geological and Mining Law.

- In the Strategy until 2030 (with an outlook to 2040), the key areas for the Company include Puchaczów V, Stręczyn (K-3), Ludwin (Ostrów) and Cyców (K-6, K-7)
- In 2017, the Company obtained a mining concession for the Ostrów deposit (Ludwin area). As a result, the Company doubled its extractable resources
- In 2019, the Company obtained a mining concession for the Ostrów deposit (Cyców area). As a result, the Company's extractable resources increased by 66 million tonnes



### LW Bogdanka S.A. holds the following mining concessions:

Deposit	Concession no.	Concession granting date	Concession expiry date
Bogdanka	5/2009	06 April 2009	31 December 2031
K-3	3/2014	17 June 2014	17 July 2046
Ostrów	6/2017	17 November 2017	31 December 2065
K-6, K-7	10/2019	20 December 2019	31 December 2046

### Permit/license

Water permit for a water service covering:

Permit/license	Number	Issuing authority	Date of granting	Expiry date
a) drainage of the LW Bogdanka S.A. mine b) discharge of industrial sewage (seepage water from the mining waste facility and water from the mine drainage system) via the Żelazny Trench to the Świnka River	LU.RUZ.421.16.2019.VR	PGW Wody Polskie	06 November 2019	31 October 2025
Permit to carry out mining construction works related to the expansion of the mine waste heap	L.dz.5/512/1/93/AG	Regional Mining Authority in Lublin	30 March 1993	-
Permit approving the construction design for an extension of the mining waste facility at Bogdanka	LUB.5200.20.2021.MS L.dz. 37949	Regional Mining Authority in Lublin	10 December 2021	-
Decision of the Marshal of the Lubelskie Voivodship authorising the operation of a mining waste facility at Bogdanka.	DŚ-III.7244.2.2022.EWF		31 March 2022	31 March 2032

## Development Strategy GK LW Bogdanka

On 17 May 2023 the Supervisory Board of the Company approved the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook to 2040" (the "Strategy"), adopted by the Management Board on 9 May 2023 comprising also the dividend policy.

The Development Strategy of the LW Bogdanka Group for 2023-2030 with an outlook to 2040 (the "Strategy") is based on 5 pillars - a strong coal foundation and 2 pillars of diversification based on it as well as pillars of sustainable and responsible development. Under the 5 pillars, 21 strategic initiatives have been developed.

### Work on updating the Strategy of the LW Bogdanka Group

Currently, a clear trend of increasing the generation capacity of renewable energy source (RES) units is observed, which directly affects the demand for coal. The growing importance of RES in the Polish energy mix, as well as the gradual shutdown of coal-based generating units planned in the long term and their conversion to other energy sources, leads to a decrease in the share of energy produced from coal, which is a consequence of the climate policy assuming progressive decarbonisation of the Polish economy. This process forces companies operating in the coal sector to review their existing strategies and adapt them to the changing market reality.

In connection with the aforementioned market developments and the resulting sales prospects, in 2024 the Company started work on updating its Strategy, which is expected to be announced by the end of 2025.

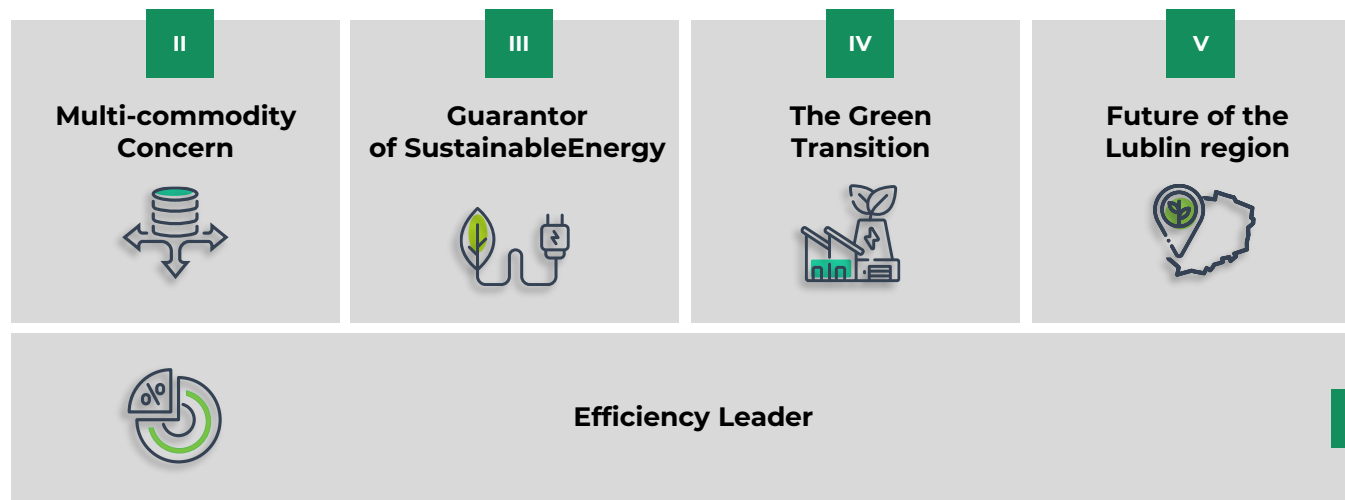
### VISION

Innovative **multi-commodity concern** driving the green transition and ensuring the economic development of the Lublin Region



### MISSION

Responsible and **sustainable development** based on mining competence.



## Development Strategy GK LW Bogdanka

### Pillar I - Efficiency Leader:

- Developing the Group - the starting point for entering the diversification areas will be the professionalising and building a strong group.
- Ensuring output until 2049 by commencement of mining from the K-6 and K-7 resource base in 2024 and preparing for the opening of the vertical Ostrów field after 2038, guarantees the flexibility and energy security for the State in energy transition.
- Efficient Transition by improving efficiency in 8 areas of operation. The result of these measures will be a reduction in the unit cost of mining.
- Innovative mine - the use of the latest solutions in the area of monitoring of the rock mass, production process and environment, implementation of innovations to improve safety and ergonomics of work, and management of the plant based on sensors that generate real data to support decision-making.
- Supporting Ukraine's energy reconstruction by leveraging Bogdanka's expertise and resources to actively support the post-war reconstruction of critical infrastructure in Ukraine.
- Commercialisation of mining expertise by professionalizing the expertise and technology across the chain.
- developing the potential for raw material transport by assessing the potential for greater use of the rolling stock.

### Pillar II - Multi-commodity Concern:

- Multi-commodity mining based on the exploration and commercial mining of a range of minerals critical to sustainable transition and attractive to the market.
- The Bogdanka Fund, which is an accelerator that enables investment in new technologies for the future of the Company and the region.

### Pillar III - Sustainable Energy Guarantor:

- Production of RES components, i.e. foundation baskets for wind farms and structures for mounting photovoltaic panels.

- A new scale of RES installations involving diversification of LW Bogdanka's revenues through RES installations in the range of approx. 500MW by 2030 and the sale of electricity generated by RES installations.
- Recycling of electric batteries.
- Recycling of photovoltaic waste.

### Pillar IV - Green Transition:

- Circular economy focused on reducing resource consumption by implementing circular economy solutions, use of mining waste (shale) for commercial applications (production of fertilizer ingredients, building materials), development of heat recovery technology from mine water, analysis of the possibility of increasing retention (drainage of the Stefanów field).
- Increasing energy efficiency and reducing greenhouse gas emissions in the mine's operations, using energy from the test RES facilities being built under Pillar III to increase LW Bogdanka's energy efficiency, developing the Łęczyński Energy Cluster and reducing the carbon footprint.
- Revitalisation of post-mining areas and removal of mining damage, development of a strategy for the operation of the Nadrybie field after completion of mining, sustainable use and reclamation of spoil tips in cooperation with local governments, and effective management of mining damage.

### Pillar V - The future of the Lublin Region:

- Attracting and retaining the best employees through a campaign improving the employer's brand image for potential employees, integrating digital technologies into training processes, increasing Bogdanka's competitiveness
- In attracting experts to support the transition process, developing cooperation with external partners, including partner schools in the Region and the Scientific Council at LW Bogdanka.
- Increasing the level of occupational safety by building a safety culture in the organization, promoting health care and effective prevention in all positions.
- Technical improvement of occupational safety by monitoring working conditions with mobile control equipment and seeking solutions to eliminate unsafe activities.

- Re-branding programmes focusing on the development of a plan for replenishing staff knowledge and re-branding, a priority programme for existing employees in new business areas (RES).
- Responsible business practices through the implementation of ESG criteria in purchasing and sales processes and care for limited and sustainable use of raw materials and energy in all processes operating within the Company, proactive approach in undertaking sustainable ESG initiatives and communicating good practices to the value chain, transparency in communications with stakeholders, and effective activities of the corporate foundation.

### Key operational and economic parameters:

- The average level of coal production in 2023-2025 will be approx. 9.1 million tonnes, in 2026-2030 approx. 10.1 million tonnes and in 2031-2040 approx. 9.1 million tonnes.
- Average sales revenue in 2023-2025 is projected at PLN 5,902 million, in 2026-2030 at a level of PLN 5,565 million, and in 2031-2040 at a level of PLN 4,967 million.
- The average value of expenditure in 2023-2025 will be approx. PLN 1,017 million, in 2026-2030 approx. PLN 1,116 million and in 2031-2040 approx. PLN 426 million.
- In the Strategy, Bogdanka aims to strengthen its market position by achieving a 58% market share of coal supplied to the commercial power sector in 2030.
- The company targets a dynamic increase in the average share of revenue from non-core business initiatives from 1% in 2023-2025 to 12% in 2026-2030, and to 29% in 2031-2040.
- Adopting the aforementioned assumptions, the Company will aim to achieve, on average, a return on equity (ROE) of 26% in 2023-2025 (11% in 2026-2030, 3% in 2031-2040), a return on assets (ROA) of 22% (10% in 2026-2030, 3% in 2031-2040) and an EBITDA margin of 46% (41% in 2026-2030, 30% in 2031-2040).

### Dividend policy:

- LW Bogdanka S.A. intends to remain a dividend-paying company, taking into account planned capital expenditures related to diversification of operations.
- The intention of the Management Board of LW Bogdanka S.A. is to apply to the Shareholder Meeting in the future for a dividend payout of up to 50% of net profit.
- The amount of dividend recommended on a case by case basis will depend on the current market situation, cash flows generated from operating activities, ongoing and planned investments, and the possibility and conditions of raising debt financing.
- The Company's dividend policy in the future will be affected by the implementation of strategic initiatives aimed at increasing production efficiency and diversification of revenues, which, in turn, may translate into the level of capital expenditure.



## Implementation of the LW Bogdanka S.A. Development Strategy in 2024.

### Coal production

Coal production is the main First Pillar of the Company's business. More information on coal production is described in the chapter on Production, sales and coal stocks on page .... of this Report.

Plan:

- in 2023-2025 it will be approx. 9.1 million tonnes
- in 2026-2030 it will be approx. 10.1 million tonnes
- in 2031-2030 it will be approx. 9.1 million tonnes

Result in 2024: **7.9 million tonnes**

### Sales revenue

In line with the current Strategy, sales of coal is the main source of revenue, accounting for 98% of total revenue. Funds raised in this way provide a source of funding for core and non-core business activities.

Plan:

- in 2023-2025 it will amount to approx. PLN 5,902 million
- in 2026-2030 it will amount to approx. PLN 5,565 million
- in 2031-2040 it will amount to approx. PLN 4,967 million

Result in 2024: **PLN 3,660 million**

### Value of expenditures

In the perspective of 2040, almost 80% of capital expenditure will be allocated to LW Bogdanka S.A.'s core business.

Plan:

- in 2023-2025 it will amount to approx. PLN 1,017 million
- in 2026-2030 it will amount to approx. PLN 1,116 million
- in 2031-2040 it will amount to approx. PLN 426 million

Result in 2024: **PLN 870.8 million**

### Market position

The main reason for the increase in market share will be the decreasing competition in connection with mine closures.

In addition, the increase in market share of LW Bogdanka will be driven by a declining market, due to a decrease in demand from the commercial power industry.

In the Strategy, Bogdanka assumes strengthening of its market position by achieving in 2030

58% market share of coal supplied to the commercial power industry.

Result in 2024: **33.2%**

### Dynamic increase in the average share of revenues from non-core business initiatives

Looking ahead to 2040, almost 20% of cumulative revenue and EBITDA will originate from activities related to Strategic Initiatives.

The Company assumes a dynamic increase in the average share of revenue from non-core business initiatives from 1% in 2023-2025 to 12% in 2026-2030, and to 29% in 2031-2040.

Result in 2024: **0.0%**

### Return on equity (ROE)

The main reason for the negative return on assets and equity in 2024 are the impairment losses created on property, plant and equipment and intangible assets as a result of a test performed with the value of PLN 2,423,674 thousand

Plan:

- in 2023-2025 at a level of 26%
- in 2026-2030 at a level of 11%
- in 2031-2040 at a level of 3%

Result in 2024: **-43.2%**

Implementation 2024: **10,3%** data adjusted after one-off write-down

### Return on assets (ROA)

Plan:

- in 2023-2025 - 22%
- in 2026-2030 - 10%
- in 2031-2040 - 3%

Result in 2024: **-31.4%**

Implementation 2024: **8,0%** data adjusted after one-off write-down

### EBITDA Margin

LW Bogdanka S.A. generated good financial results over the last 10 years, despite changes in coal trends in Poland and the EU, increasing its revenues

Plan

- in 2023-2025 - 46%
- in 2026-2030 - 41%
- in 2031-2040 - 30%

Result in 2024: **26.0%**

## Development strategies of subsidiaries

### Development strategy of Łęczyńska Energetyka sp. z o.o.

The Management Board of Łęczyńska Energetyka sp. z o.o. has identified the following strategic objectives for the company to be pursued in the coming years:

- change in the heat generation method resulting from, among others, the need to ensure an uninterrupted supply of heat to consumers (guaranteeing additional reserve generating capacity to reduce the risk of heat generation interruptions) and gradual abandonment of coal fuel. The company intends to take steps to find and select the optimal non-coal source for heat generation in the coming years in order to satisfy increasingly stringent environmental protection standards.
- Modernisation of the heating main between Bogdanka and Łęczna – the implementation of this task aims at gradual reduction of considerable transmission losses and will additionally allow for protecting the network against corrosion, thus supporting its operation in the following years.

The above investment projects are planned to be executed using the Company's own funds, however in the case of the Bogdanka-Łęczna main, the source of funding may be changed in subsequent years (if aid funds are obtained).

### Łęczna Energy Cluster

Due to its competence, Łęczyńska Energetyka is a dedicated entity to act as a coordinator in the Łęczna Energy Cluster. This role will involve exercising energy management within the cluster, representing the cluster externally, commercial balancing and energy billing in the

cluster. Łęczyńska Energetyka sp. z o.o. may also act as a provider of services associated with the operation of heat sources, sharing electricity and heat-related know-how.

### Development Strategy of MR Bogdanka sp. z o.o.

The company's strategic objectives are:

- Development of mining machinery production and overhaul capabilities
- Manufacture of general-purpose steel structures
- Manufacture and regeneration of bulk products used at LW Bogdanka S.A.

The company's primary objectives include:

- Conducting and developing capabilities in the overhaul of mining machinery and equipment
- Manufacture of general-purpose steel structures, subject to compliance with all formal and legal requirements
- Performance of work related to regeneration of bulk products used in the Parent Company
- Provision of repair and adaptation services for the office and administrative infrastructure on the surface.

### Development strategy of EkoTrans Bogdanka sp. z o.o.

The Company plans to conduct post-mining waste management activities in 2025 and beyond.

As part of recovery and processing of waste generated in the process of dry and wet processing of hard coal, the company plans to utilize approx. 2.5 million tonnes of waste annually.

### Development Strategy of RG Bogdanka sp. z o.o.

The Company's main development direction indicated for the coming years is to continue the strategy adopted, i.e. to increase the share of specialist mining work such as excavation of roadways, rebuilding and execution of works with the use of specialised machinery. These activities are aimed at establishing the company's position in the local market. Extension of the scope of activities will ensure continuity of operations as well as allow for professional development of employees through successive improvement of their qualifications. The Company plans to expand its machinery fleet over the long term to ensure independence and the capacity to perform the full range of mining operations.



## Investment activities completed in 2024

In 2024, LW Bogdanka S.A. carried out planned investments, incurring expenditure on fixed assets in the total amount of PLN 861,830 thousand

The 2024 plan included tasks in two main areas:

- development and replacement investments, including purchases, general overhauls and modernisation of new machinery and equipment
- operational investments - including the excavation, modernisation and reconstruction of workings in the Bogdanka, Nadrybie and Stefanów fields.

### Development and replacement investments LW Bogdanka S.A

#### Maintenance of machinery

- Purchase of new machinery and equipment to be installed for the total amount of PLN 38,535 thousand - purchases included dust collectors, overhead locomotives, mine track locomotives, ventilation dams, belt feeders, mechanised supports and a longwall shearer.
- Purchases of finished goods, machinery and equipment - finished goods were purchased for the total amount of PLN 36,980 thousand. The most important included: turnkey transport equipment (e.g. WHR brake truck, containers without chassis), hydraulic pumps and units, electrical equipment (e.g. electric motors, transformers), other turnkey equipment (e.g. separators, dust collectors, fans), four-axle coal trucks and coolers.
- Modernisation and repairs of machinery and equipment - PLN 58,360 thousand was spent on, among other things, the modernisation of transformer stations, frothing machines, high-pressure units and 1600 belt conveyors. In addition, these means include general overhauls of, among others, longwall and subwall conveyors, a longwall shearer and locomotives and railcars.

**Longwall shearers** - Expenditure of PLN 168,699 thousand was incurred for the purchase and installation of a new longwall complex 8.



#### Other development investments

- Expansion of the mining waste disposal facility in Bogdanka - expenditure of PLN 445,000 was incurred, mainly for the purchase of land for the investment site.
- Central air conditioning of the Bogdanka field - PLN 1,689,000 was earmarked for upgrading of the coils in spray and evaporative condensers.
- Power engineering, telecommunications and mechanical installations - expenditure amounting to PLN 8,786 thousand was incurred, among others, for the development of power, teletechnical and data transmission networks, as well as for the construction of DN250 main drainage pipelines in shaft S1.2, DN100 in S1.5 and DN150 in S1.3.
- Electromobility - PLN 40,000 was spent on technical designs for the construction of electric car charging stations.
- Hoisting machine switchgear facilities and other electrical power systems - expenditure of PLN 12,769 thousand were earmarked for, among others, the construction of the RP-2 field switchgear, the modernisation of the S1.4 Main Fan Station, the modernisation of the control system, conveyor belt signalling and ACS inverters at the SWG.
- Switchgear and 110/6 substation facilities - expenditure of PLN 2,946 thousand was incurred, among others, for the replacement of the 110/6kV GSTR transformer, the construction of oil pans for transformers in Stefanów and modernisation of the GSTR capacitor bank.
- Replacement investments in the Coal Preparation Plant - PLN 18,617 was spent, among others, on the modernisation of facilities, steel structures and façades of the Coal Preparation Plant, replacement of settling machines in area 46.1, as well as upgrading access roads, manoeuvring yards and the S-2 overhead crane.
- Construction and modernisation of core business facilities and installations - PLN 6,727 thousand was allocated, among other things, for the adaptation of the shaft for driving people and transporting materials on the counterweight side, for the modernisation of the central air-conditioning system in Stefanów, for the expansion of the coal storage facility and for the expansion of the HETMAN-T telecommunications system.

**ICT** - funds in the amount of PLN 14,872 thousand were spent on, among other things, the underground wireless communication system, the "Ability" system for longwall and heading systems, expansion of the automation and video monitoring system in the belt conveyor area, a monitoring system for the company's facilities, as well as the purchase of ready-made systems, such as support for the operation of a mine lamp room, planning and budgeting, and the purchase of computer and network equipment and software.

**Administration** - PLN 3,386 thousand was spent, among others, for the extension of car parks in the Stefanów field, the installation of air conditioning in the offices and the construction of three modular eco-sheds for single-track vehicles.

**Transport** - PLN 869 thousand was earmarked, among others, for the purchase of cars: passenger, off-road, truck and light fire engines.

**Other** - expenditure of PLN 32,078 thousand was incurred, among others, for environmental protection, including the construction of a new underground water pumping station on the "Żelazny" RE ditch, including the reconstruction of the ditch, as well as the expansion of the P-3 pumping station. In addition, the expenditure includes the installation of a gantry crane at the service yard in the Bogdanka field and the construction of a facility for a compressor station at shaft 2.1.

#### Strategic initiatives and RES

Photovoltaic farms - expenditure of PLN 14 thousand was incurred on the property appraisal.

#### Operational investments of LW Bogdanka S.A.

New excavations were implemented in accordance with the applicable Mining Work Schedule. The total length of the completed roadway excavations carried out as part of the investments from the beginning of the year was approximately 19.0 km (in total, approx. 21.8 km) and their value amounted to PLN 392,067 thousand. The modernisation of excavations in the form of reconstruction of horizontal and vertical excavations was carried out in accordance with the adopted schedule for a total value of PLN 63,951 thousand.

#### Łęczyńska Energetyka and other subsidiaries of LW Bogdanka S.A.

The subsidiaries belonging to the LW Bogdanka Group incurred expenditure on fixed assets in the amount of PLN 9,018 thousand.

**Łęczyńska Energetyka** - the investment tasks carried out in 2024 pertained to investments related to generation, transmission and distribution of heat, the purchase of hardware and a company car for a total amount of PLN 3,177 thousand.

**RG Bogdanka** - the level of expenditure incurred by the company amounted to PLN 3,744 thousand and was mainly allocated to core operations and the purchase of software.

**MR Bogdanka** - the level of expenditure incurred by the company amounted to PLN 2,097 thousand and was mainly allocated to the purchase of machinery and equipment, including transport machines and purchase of hardware and software.

## Investment activities completed in 2024



### Selected items of capital expenditure in LW Bogdanka Group

[PLN thousand]	TEP 2024*	Execution TEP 2024	Execution TEP 2024 [%]	TEP 2025
New excavations and upgrade of existing pits	462,019	456,018	98.7%	430,769
Maintenance of machinery	210,339	133,875	63.6%	136,220
Longwall shearers	167,931	168,699	100.5%	0
Other development investments	79,875	52,019	65.1%	78,832
ICT	25,967	14,872	57.3%	16,279
Administration	5,231	3,386	64.7%	335
Transport	1,125	869	77.2%	207
Other	44,861	32,078	71.5%	19,398
Strategic initiatives and RES	100	14	14.0%	250
<b>TOTAL CAPEX in LW Bogdanka SA</b>	<b>997,448</b>	<b>861,830</b>	<b>86.4%</b>	<b>682,290</b>
Łęczyńska Energetyka sp. z o.o.	9,500	3,177	33.4%	9,000
MR Bogdanka	1,590	2,097	131.9%	2,906
RG Bogdanka	3,987	3,744	93.9%	3,277
<b>TOTAL CAPEX in the LW Bogdanka SA Group</b>	<b>1,012,525</b>	<b>870,848</b>	<b>86.0%</b>	<b>697,473</b>

\* TEP update for 2024 due to the update of the 2024 production target.

### Value of capital expenditure incurred for excavations in 2024

Total excavations and works	Depreciation method	Length [running metres]	Value of capital expenditures [PLN thousand]
Gate roads	natural	12,023	
Basic excavations	straight-line	6,341	456,018
Horizontal reconstructions	linear/natural	2,756	

The total length of roadway excavations completed in 2024 was 19,027 m.

Reconstruction of excavations was carried out according to the adopted schedules. Total expenditures on reconstruction of roadway excavations in this period amounted to PLN 63,951 thousand. The total expenditure incurred on new excavations and modernisation of existing ones amounts to PLN 392,067 thousand.

Fractions are not included in the values shown in the table as they are charged directly to expenses. However, they are included in the total length. In this case, this is 663 m.





## Planned investment activities in 2025

### Operational investments of LW Bogdanka S.A.

#### New excavations and upgrade of existing pits

The plan includes mining of new excavations – longwall galleries, capital galleries, crosscuts and other technological and access excavations, enabling the mining of longwalls in seams 385, 389 and 391 in the Bogdanka and Stefanów fields. Redevelopment of mining excavations will also be carried out.

### Growth investments of LW Bogdanka S.A.

#### Maintenance of machinery

- Purchase of new machinery and equipment requiring installation - in 2025, it is planned to purchase, among other things, dust collectors, an overhead electric locomotive, ventilation dams, a 1400 belt conveyor, the purchase of 3 sections of mechanised lining, the purchase of bundle loaders and a roadheader.
- Purchases of finished goods of machinery and equipment - it is planned to purchase: finished transport equipment (including, among others, transport platforms, electric hoists, brake trolleys, timbers and a mobile lifting device for transporting people), pumps and hydraulic power units, electrical equipment (including, among others, electric motors, electrical instruments) and other finished equipment (including, among others, welding machines, plasma cutters, workshop and laboratory equipment), coolers and equipment for feeding lining elements to the roadheader.
- Modernisation and repairs of machinery and equipment: - among other things, modernisation is planned for the transformer stations, fire-proof mine switchgear, a DH roadheader, a drilling and anchoring vehicle, Pioma-type 1000 belt conveyors - adaptation for the transport of people as well as the modernisation of a longwall conveyor and a shearer; - additionally, repairs to longwall and face conveyors are planned as well as periodic overhauls of carriages.

#### Other development investments

- Expansion of the extraction waste facility - continuation of the task, land purchase for further phases is planned, as well as the development of a haulage facility on the waste disposal site.
- Central air conditioning of the Bogdanka field - the coils in the spray-extraction condensers are scheduled to be upgraded in 2025.
- Power, telecommunications and mechanical - among other things, the extension of the electricity, telecommunications and data transmission networks, the installation of a DN 150 pipeline in shaft S 1.3 are planned for 2025.
- Windmill switchgear facilities and other electrical power systems: in 2025, the upgrade of the S 1.4 Main Fan Station and the installation of the RP-2 field switchgear will continue. It is planned to start modernisation work on the S 1.4 mining shaft hoist.
- Replacement investments of the in the Coal Preparation Plant - the task for 2025 includes the modernisation of the facilities, including the steel structures and façade of the Coal Preparation Plant, the installation of pneumatic pulsators over the feeders and the installation of a high-pressure net washing facility on the filter presses.
- Switchgear and 110/6 kV substation facilities - among other things, the replacement of the 110 kV GSTR transformer and the modernisation of the GSTR Bogdanka and STR Nadrybie capacitor banks are planned for 2025.
- Expansion of the coal stockpile - continuing work on the expansion of the stockpile, with plans for 2025 including the expansion of infrastructure and the purchase of a heap leach machine.
- Other investments include, among others, modernisation of part of the ZCB hall and the purchase of land occupied by the Bogdanka-Jaszców railway line.

#### ICT

- Integrated Production Management System - the implementation of the underground wireless communication system is scheduled for continuation.
- The "Smart Solutions Mine" project continues in 2025 with the implementation of the "Ability" system for the roadheader complexes.
- Computer systems: in 2025, it is planned, among other things, to expand and modernise LWB's ICT network, purchase an IT system to support the operation of the mine's lamp room, a railway system and an IT system for budgeting coal production costs.
- Alarm and monitoring systems - plans include the implementation of a monitoring system for the company's facilities, an SPP system in the buildings of the extraction machines and ventilation stations, expansion of the automation and video monitoring system in the belt haulage area in the Stefanów field, as well as the modernisation of the visualisation system for air conditioning of underground workings in Bogdanka.
- Purchase of off-the-shelf equipment - ICT - within this group, the purchase of computers, network equipment and software is planned.

#### Strategic initiatives and RES

- In 2025, expenditure is planned for the documentation work for a new photovoltaic farm.

#### Other

- Construction of facilities of the Nadrybie, Bogdanka and Stefanów fields - in 2025, planned expenditure will be mainly earmarked for the continuation of investments, including the construction of a gantry crane at the service yard in the Bogdanka field and the construction of a facility at the compressor station at shaft 2.1.
- Environmental protection - plans include: termination of the construction of a new underground water pumping station on the "Żelazny" RE ditch and continuing work on the construction of pumping station No. 1 in the town of Uciekajka.

### Łęczyńska Energetyka and other subsidiaries of LW Bogdanka S.A.

**Łęczyńska Energetyka** - the investment expenditure planned in 2025 is allocated for investments related to the generation, transmission and distribution of heat. Expenditure was also planned for the purchase of tangible goods.

**MR Bogdanka** - in 2025, it plans to use the expenditure for the purchase and installation of machinery and equipment as well as ICT.

**RG Bogdanka** - expenditure planned mainly for purchase of finished goods and ICT and transport.

## Significant trade agreements

As in previous years, LW Bogdanka S.A. Entered into new trade agreements and negotiated prices and supply volumes for subsequent years under the existing long-term agreements.

As a result of the above activities, as at the date of submitting the Report, nearly 100% of the volume planned for sales in 2024 was contracted. The Company reports all contracts that are material from the point of view of its operations, as well as their amendments, through current reports. In 2024 and by the day of publication of the Report, the criterion of significance was fulfilled by the execution of annexes amending terms and conditions of agreements and entering into additional agreements with:

- Enea Elektrownia Połaniec S.A.
- ENEA Wytwarzanie Sp. z o.o.
- Zakłady Azotowe "Puławy" S.A.

### Transactions with related parties

In 2024, the Company and its subsidiaries did not enter into any individually or jointly significant transactions with related parties out of compliance with the arm's length principle. The list presented beside shows major contracts in force in 2024 entered into between LW Bogdanka S.A. and its subsidiaries.

In 2024, LW Bogdanka S.A. had a contract in force for purchase of electricity from Enea S.A. For more information on the agreements with the Enea Group and companies controlled by the State Treasury, see Note 30 of the Financial Statements of LW Bogdanka for 2024.

### Agreements between LW Bogdanka S.A. and MR Bogdanka sp. z o.o.

- delivery of casing pipes and connectors
- overhaul of machinery and equipment and repairs of tools and transport units
- delivery of components of machines, equipment and steel structures
- repairs of transport units of the underground thill rail
- production of friction racks SV-36 and SV-32
- provision of maintenance services, ongoing repairs and overhauls, service of joinery, snow clearing and removals
- memorandum of cooperation
- lease of part of the multifunctional workshop and warehouse building
- vehicle weighing service with specific goods on a truck scale for fine coal at Bogdanka
- supplying electricity
- lease of a plot and rooms for providing laundry services and preparing beverages.

### Agreements between LW Bogdanka S.A. and Łęczyńska Energetyka sp. z o.o.

- supply of heat
- supply of water and discharge of sewage, maintenance service for central heating, domestic hot water and process heat systems
- sales of steam coal and electricity
- lease, tenancy, lending of rooms
- heating intake air to mining shafts (operational service and supervision)
- lease of rooms from Łęczyńska Energetyka for PSG and POS sections
- weighing services
- cold water supply and sewage discharge from buildings in Zawadów
- service and maintenance of sewer lift station, drainage system and network
- service of supervision as the owner's representative
- service of producing ID badges
- cleaning services for ŁE facilities
- service in the scope of activities and responsibilities relating to the use of the access control system and the application of rules for the movement of persons and materials
- services of the Data Protection Officer.

### Agreements between LW Bogdanka S.A. and RG Bogdanka sp. z o.o.

- performance of mining works and services at the LW Bogdanka S.A. mine
- performance of explosive works
- provision of services of higher-order supervision in a mining plant
- lease, tenancy and lending against payment (e.g. of tools, equipment, premises, personal protective equipment)
- contract for the supply (sale) of equipment
- use of the access control system and the application of the rules of personal and material movement.

### Agreements between LW Bogdanka S.A. and EKOTRANS Bogdanka sp. z o.o.

- removal of non-hazardous waste (waste rock)
- lease of office room in the multifunctional building
- agreement on providing truck services at the mine site and between mining fields
- agreement on providing services with trucks on the territory of the country.



## Information on financial instruments, bonds and loan agreements

### Information on financial derivatives

As at 31 December 2024, the Parent Company had no open derivative transactions.

### Bonds

- As at 31 December 2024, the Group:
- had no active bond issue agreement
  - had no bonds issued and outstanding.

### Issuance of securities

The Company did not issue securities in the 2024 financial year.

### Assessment of the capacity to execute investments

As at the date of submission of this Report, the Group does not see any risk as regards the possibility of raising additional debt financing, however it points to the risk that the costs of raising and servicing such financing may be higher than those currently incurred.

### Tenancy and lease agreements

The Group's total net revenue from tenancy and lease agreements for, among others, land, premises, machinery and equipment in 2024 amounted to PLN 10,624 thousand.

### Opinion of the Management Board of LW Bogdanka S.A. on the feasibility of the previously published result forecasts for the given year in view of the results presented in the standalone annual report compared to the forecast results

LW Bogdanka S.A. did not publish any financial result forecasts for 2024.

### Information on loans and borrowings taken out and granted

In 2024, the Parent Company did not take out or grant any loans or terminate any loan agreements.

### Information on sureties and guarantees granted and received

In 2024, the Parent Company did not issue (or receive) any sureties.

### Guarantees extended by LW Bogdanka S.A.

In 2024, the Parent Company did not instruct banks to issue any guarantees.

### Information on loans taken out

In 2024, the Parent Company did not enter into any loan agreements.

### Agreements relating to loans and borrowings of subsidiaries

Łęczyńska Energetyka sp. z o.o. continued to repay the loan granted under the agreement of 9 June 2014 (in the amount of PLN 26,580 thousand) by the Voivodship Fund for Environmental Protection and Water Management (WFOŚiGW) in Lublin, for subsidising the construction of the Water Treatment Plant in Bogdanka, which was completed in February 2016. The interest rate is 0.7 of the bill rediscount rate set by the Monetary Policy Council, not less than 4.0% per annum. The last principal instalment under the loan concerned was repaid in July 2024, while the payment of the last liability under the aforementioned loan agreement, i.e. the interest due for July 2024, was settled in October 2024. Except for the above loan, in the period from 1 January to 30 June 2024, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In 2024, the subsidiaries, EkoTrans Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o. did not grant or incur any loans and borrowings or terminate any agreements pertaining to loans and borrowings and did not issue any guarantees.



## Price of coal on the international market

Global coal prices affect the prices of coal in Poland with a delay of approximately one year, including the prices of coal sold at LW Bogdanka S.A.. Significant factors also include imports and exports, transport costs and currency prices, energy policy and regulations (e.g. the embargo on Russian coal).

### CIF ARA coal prices

- 118.3 USD/t - average CIF ARA coal price in Q4 2024 -5.4% vs. Q4 2023 (125.1 USD/t)
- compared to the average CIF ARA coal price in Q4 2024 (115.0 USD/t), up by 2.9%
- the average price in 2024 was 112.5 USD/t, down by 12.5% y/y (in 2023, 128.5 USD/t).

### Inventories in ARA ports

- approx. 4.0 million tonnes of coal inventories at the end of December 2024 at ARA ports - at the end of September 2024 the inventories stood at 3.9 million tonnes

### Prices at major ports worldwide

- 87.0 USD/t - average Baltic Ports FOB coal price in Q4 2023 vs. Q4 2023 (83.6 USD/t) - down by 4.1%
- compared to the average price in Q4 2024 (79.8 USD/t), which means an increase of 9.0%
- the average price in 2024 was 76.4 USD/t, down by 12.9% y/y (in 2023, 87.7 USD/t).

### China

- approx. 4.76 billion tonnes of coal produced in 2024, i.e. +1.1% vs. 2023 (4.71 billion tonnes)
- in 2024, imports amounted to 542.7 million tonnes, approx. 14.4% higher than in 2023 (474.4 million tonnes).

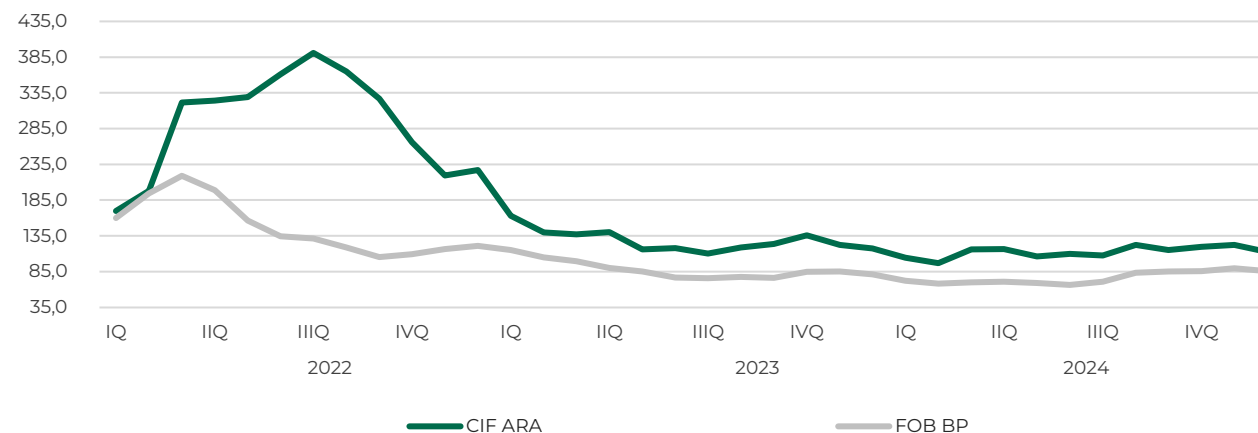
### USA

- in 2024, production reached 464.2 million tonnes, -12% vs. 2023 (527.6 million tonnes)
- in 2024, consumption reached 370.9 million tonnes, -3.5% vs. 2023 (384.4 million tonnes)
- exports in 2024 amounted to 97.6 million tonnes of hard coal, -13.0% y/y (66.8 million tonnes in 2023)

### Russia

- in 2024, production was 427 million tonnes, down by 0.7% y/y (430 million tonnes in 2023)
- exports in 2024 amounted to 196 million tonnes, down by 8.0% y/y (213 million tonnes in 2023).

Price of coal on the international market [USD/t]





## Prices of fine steam coal on the domestic market

Prices of steam coal in Poland also affect the prices of coal sold in the Company. The price declines affected the company's financial results, including revenue and EBITDA. The decline in coal prices in Poland results from an increase in energy production from renewable sources (RES), an increase in coal stocks, a decrease in coal prices on global markets.

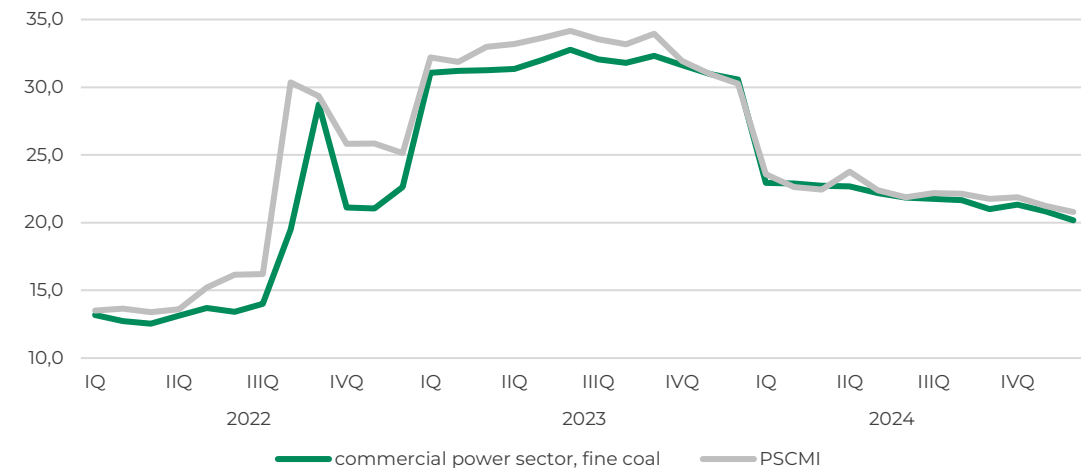
### Price of fine steam coal

- the average price of fine steam coal for the commercial power sector in Q4 2024 was 20.8 PLN/GJ, the price decline rate was approx. 33.1% compared to Q4 2023 (31.1 PLN/GJ)
- in 2024 (21.8 PLN/GJ) - a decline of 31.0% compared to 2023 (31.6 PLN/GJ)
- the average calorific value of fine coal for the commercial power sector was approx. 21.3 GJ

### Prices from the PSCMI index

- the average price from the PSCMI Index in Q4 2024 was approx. 22.0 PLN/GJ, compared to the average price in Q4 2023 (31.1 PLN/GJ), down by approx. 31.5%
- in 2024, the price stood at 22.2 PLN/GJ compared to 32.7 PLN/GJ in 2023, down by 34.1%.

Prices of fine steam coal on the domestic market [PLN/GJ]



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

The decline in the production and sales of steam coal in Poland in 2024 and the increase in stocks resulted from the declining domestic demand for coal and changes in the structure of energy production - an increase in the share of RES. For the Company, this means operating in a changing environment of energy transition and taking strategic action to ensure the Company's business continuity.

### Steam coal production in Poland

- in 2024, approx. 32.6 million tonnes of steam coal will be produced, down by 10.4% y/y.

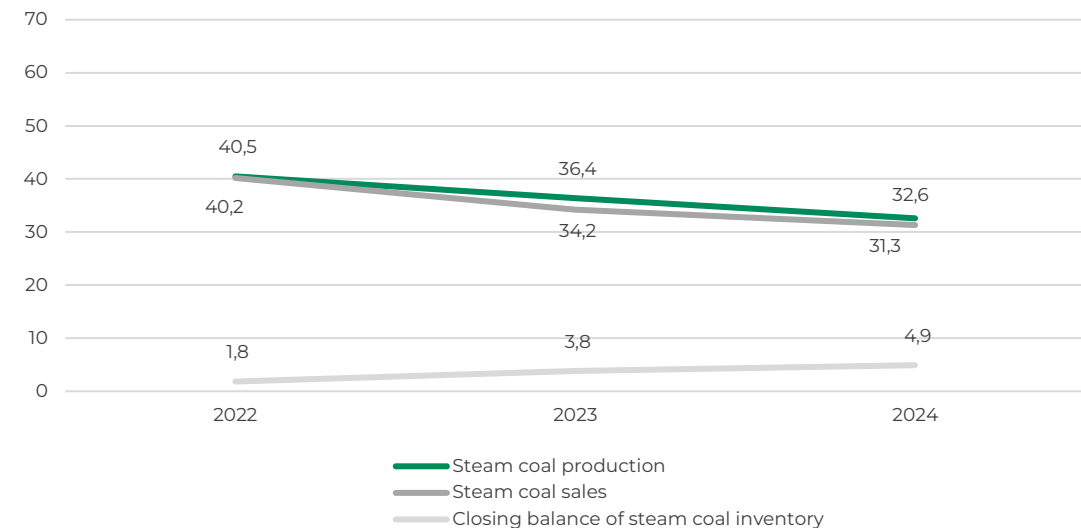
### Steam coal sales in Poland

- the sales in 2024 amounted to approx. 31.3 million tonnes, of which sales to the commercial power sector amounted to approx. 21.7 million tonnes of fine steam coal compared to 2023, steam coal sales decreased by approx. 8.5%.

### Coal inventories in Poland

- at the end of 2024, steam coal inventories amounted to 4.9 million tonnes (3.8 million tonnes at the end of 2023)

**Production, sales and inventories of steam coal on the domestic market [million tonnes]**



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

The domestic market has seen a decline in demand for steam coal.

The strategy effective since 2023 assumes the diversification of revenue sources. Details of the Strategy can be found on pages 19-22.

### Key buyers of steam coal in Poland

The main consumer of steam coal in Poland is the commercial power sector, where approximately 21.7 million tonnes of fine coal were delivered in 2024, down by 8.4% compared to 2023. The most important buyers in the commercial power industry include:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA.

### Steam coal sales in Poland

During the entire 2024, approx. 31.3 million tonnes of steam coal were sold in Poland (-8.5% y/y). Approximately 30.4 million tonnes of steam coal were delivered to the domestic market, including 27.1 million tonnes of fine steam coal.

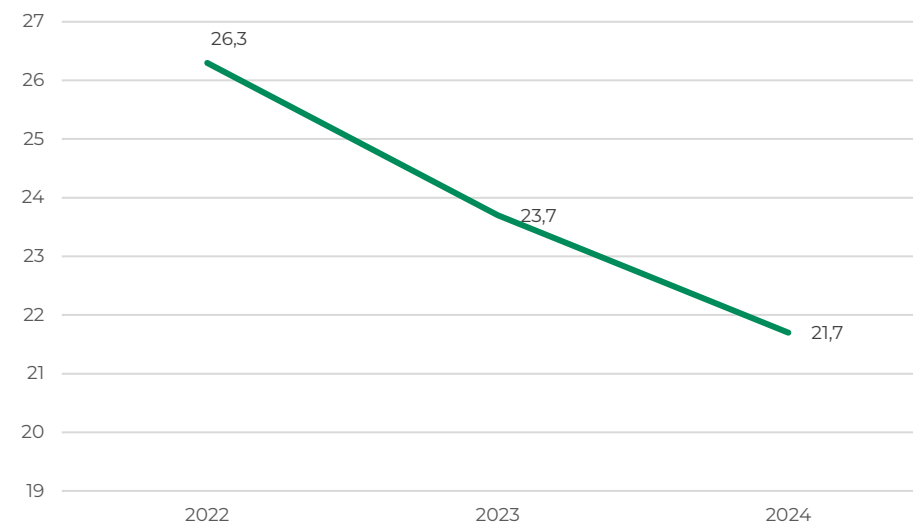
### Coal exports

Approximately 4.0 million tonnes of coal were exported (4.2 million tonnes in 2023), including approx. 0.9 million tons of steam coal (0.8 million tonnes in 2023).

### Coal imports

Hard coal imports to Poland in 2024 amounted to 8.2 million tonnes (-51.5% y/y), including 6.2 million tonnes of steam coal (-58.1% y/y). Steam coal was imported mainly from Colombia and Kazakhstan.

Sales of steam coal to the commercial power sector [million tonnes]



## Production of electricity in Poland

### Total electricity production

In 2024, 166,990 GWh of electricity was generated, up by 3,361 GWh compared to 2023 (2.1%).

### Electricity production from coal

The main fuel for electricity production was coal, which generated 111,178 GWh in 2024. Such a level means a drop by 23,561 GWh (-17.5%) compared to 2023.

In 2024, coal was the source of 62.9% of all electricity production in Poland - its share in the fuel mix was 5.0% lower compared to 2023.

### Electricity production from hard coal

In 2024, 69,112 GWh of electricity was produced from hard coal (a decline of 9.8% compared to 2023).

### Electricity production from lignite

In 2024, lignite produced 35,844 GWh (3.7% more compared to 2023).

### Electricity production from wind power plants

Wind power generated 24,874 GWh in 2024, up by 13.1% compared to 2023. The share of wind power in electricity generation was approximately 14.9%.

### Electricity production from gas-fired power plants

Electricity production by gas-fired power plants in 2024 amounted to 16,768 GWh, up by 22.8% compared to 2023.

### Electricity generation from other renewable sources

Electricity production by gas-fired power plants in 2024 amounted to 17,334 GWh, up by 31.2% compared to 2023.

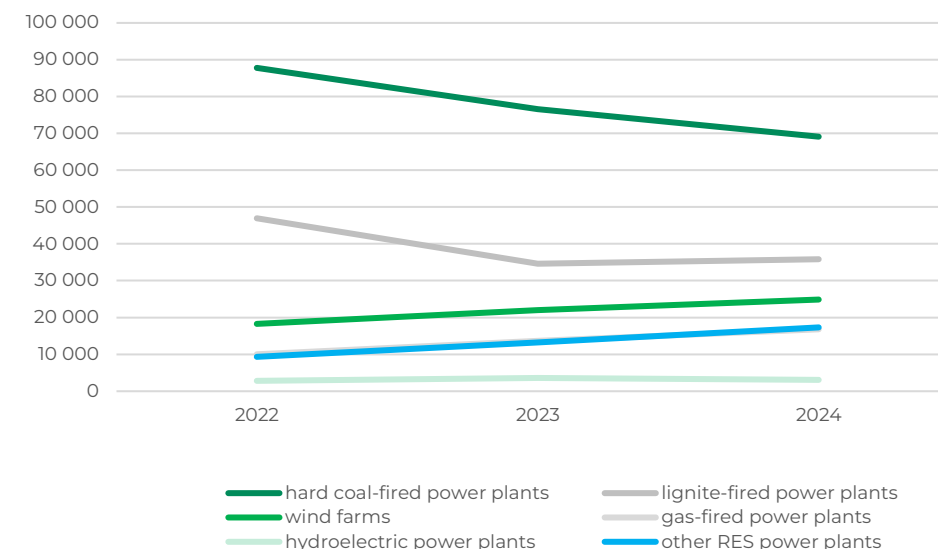
### Domestic electricity consumption

In 2024, 168,956 GWh of electricity was consumed, up by 1,438 GWh compared to 2023 (0.9%).

### Balance of cross-border exchange

The balance of cross-border exchange of electricity in 2024 was 1.966 GWh, which indicates energy imports, while in 2023 it was 3,889 GWh (-49.5%)

Electricity production in Poland [GW/h]





## Description of risk factors and threats which, in the opinion of the LW Bogdanka Group, will affect the

## achieved results

### Risk management

Key objectives of risk management:

- ensure security of the Group's operations
- ensure the effectiveness of its decision making aimed at maximizing profits at an acceptable level of risk.

The systems in operation:

- The Integrated Enterprise Risk Management (ERM) System of the Enea Group.

### Fundamental principles, procedures and documents on which the operation of the management system is based:

- ENEA Group's Enterprise Risk Management Policy
- Enea Group's Enterprise Risk Management Methodology – ERM procedures
- LW Bogdanka Group's risk register
- Report - Update of LWB Risks according to the Enea Group ERM Methodology (LW Bogdanka Group risk map, list of critical, key, medium and low risks in the LW Bogdanka Group, action programmes to mitigate critical and key risks of the Parent Company).

### Risk management process

Within the integration process in the ENEA Group and pursuant to relevant regulations in the Group, from January 2018 LW Bogdanka S.A. implemented "Derivative Acts" – the ERM System in force in the Group Companies.

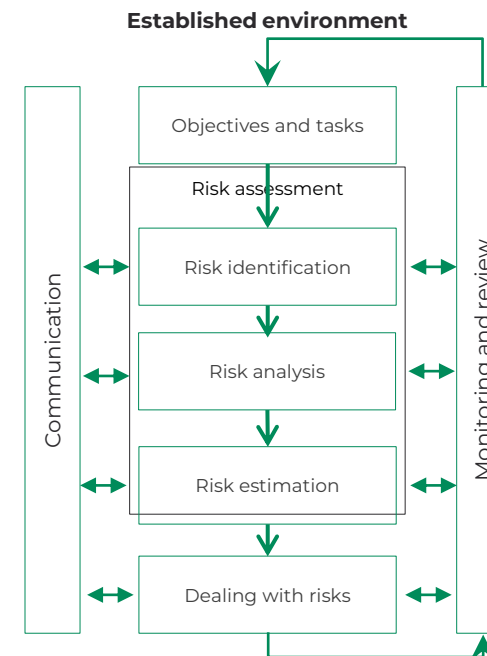
As at 31 December 2023, the Risk Register of the Parent Company was updated in accordance with the ENEA Group Methodology.

The Parent Company provides the Supervisory Board and the Audit Committee with information and reports on the implementation and performance of the ERM system.

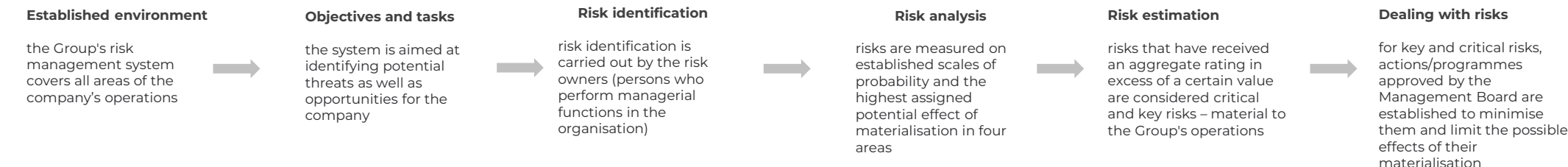
In the following periods, it is planned to work on further adjustment of the system to the Group's needs in the direction of increasing its role and effectiveness, using the experience to date and results of the system's operation.

The participants of the risk management system at LW Bogdanka S.A. are as follows:

- Supervisory Board
- Management Board
- Audit Committee
- Heads of organisational units in the Parent Company - risk owners
- Risk Management Department.



### Risk management process



## Main risks to which the Group is exposed, by area category

Environment and market	Operational	Financial	Environmental protection	Legal
<ul style="list-style-type: none"> <li>• Risks related to the socio-economic situation in Poland and worldwide</li> <li>• Risk associated with the state's economic policy towards the hard coal mining industry</li> <li>• Risk related to the prices of energy commodities in Poland and globally</li> <li>• Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events</li> <li>• Risk of restrictive climate policies resulting in changes to applicable law</li> </ul>	<ul style="list-style-type: none"> <li>• Risk associated with the launch of mining from new deposits of LW Bogdanka S.A.</li> <li>• Technical and technological risks</li> <li>• Risks associated with the high costs of the technologies used by the Company</li> <li>• Risk of IT system failures</li> <li>• Risk of customers' insolvency</li> <li>• Risk related to the strong position of the trade unions</li> <li>• Risk associated with retaining and recruiting the Group's personnel</li> <li>• Key supplier risk</li> <li>• Risk of supplier price collusion</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance risk</li> </ul>	<ul style="list-style-type: none"> <li>• Risks associated with reclamation and mining damage</li> <li>• Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits</li> <li>• Risk related to mining waste management</li> <li>• Investment risk associated with the presence of protected areas</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of changes in the tax law</li> <li>• Property tax risk in relation to LW Bogdanka S.A.'s mine workings</li> <li>• Risk of changes in the law and its interpretation and application</li> <li>• Risk of violating stock exchange disclosure obligations</li> <li>• Risk of extension of the process of issuing administrative decisions on the conduct of mining operations</li> </ul>

## Risk related to the Group's social, economic and market environment

### Risks related to the socio-economic situation in Poland and worldwide

Factors affecting the financial results of LW Bogdanka S.A.:

- directions and rate of change of domestic and global GDP, including changes in the volume of industrial production
- demand for electricity and heat
- development of renewable Energy generation sources
- climate policy trends in Poland and in Europe
- government plans to expand/modernise Poland's electricity generation system
- plans of the European Parliament to reduce methane emissions in the energy sector
- prices of raw materials on global markets, which translates into prices of production inputs
- prices of CO2 emission allowances and the commercial power sector's pressure on coal prices
- coal exports and imports balance from/to Poland
- inflation rate
- pressure from the trade unions to increase wages in the company
- government policy on the minimum wage in the economy
- unemployment rate.

Countermeasure: monitoring all factors, adjusting operations to the market situation and environment, planning future activities, formulating long-term financial projections, cost control, entering into long-term contracts, taking measures to improve mining efficiency.

Risk severity: **medium**

### Risk associated with the state's economic policy towards the hard coal mining industry

Important factors influencing LW Bogdanka Group's market position include the government's plans regarding hard coal mining companies and the power sector. Since 2 February 2021, "Poland's Energy Policy until 2040" approved by the Council of Ministers has been in force, with the assumption that hard coal is still an important source of energy for the Polish economy in the perspective of 2030 and beyond. However, an update to PEP 2040 is

currently being developed due to the changing geopolitical and economic situation and the energy crisis related to Russia's aggression against Ukraine. It should be noted, however that the projected still relatively high role of coal in the Polish Power System and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

Risk severity: **medium**

### Risk related to the prices of energy commodities in Poland and globally

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 the Parent Company. On the world coal market, in January 2025, prices at ARA ports reached a level of approx. 110 USD/t, an increase from the average price in January 2024, which amounted to approx. 105 USD/t. CIF ARA cumulative average prices for the entire 2024 amounted to approx. 112 USD/t. However, it should be noted that despite the decline in CIF

ARA prices in 2024, in particular compared to the record prices of 2022, the level of January 2024, i.e. approx. 110 USD/t exceeds the average prices for 2019-2021 (the average for this period is approx. 77 USD/t).

In the domestic fine steam coal market, the PSCMI 1 index (commercial power segment) is trading at around 20.79 PLN/GJ for the month of December 2024, while the PSCMI 2 index (commercial and non-professional district heating segment) is trading at around 23.18 PLN/GJ. The last price of December 2023 was, respectively: 28.51 PLN/GJ (PSCMI 1) and 27.99 PLN/GJ (PSCMI 2). Despite the decline in both indices at the beginning of 2024 compared to their levels at the end of 2023, however, it should be noted that domestic coal prices stabilised and are still at relatively high levels, especially compared to the quotations of the PSCMI 1 index in previous years (an average of 11.42 PLN/GJ in 2021 and 19.12 PLN/GJ in 2022). At the same time, it should be pointed out that the average annual quotation of the PSCMI 1 index in 2024 stood at 22.21 PLN/GJ and in 2023 - at 32.47 PLN/GJ, while the average annual quotation of the PSCMI 2 index in 2024 stood at 23.77 PLN/GJ and in 2023 at 36.52 PLN/GJ,

Risk severity: **low**

### Risks associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events

The operational activities of LW Bogdanka S.A. are exposed to risks and dangers arising from the specific nature of operations in the mining sector. They include, among others:

- events associated with the environment (including industrial and technological accidents)
  - extraordinary events, including geotechnical phenomena, mining disasters, fires or working floodings with underground water
  - damages caused by mining operations.
- The consequences can be as follows:
- temporary interruptions of operations, losses of property and financial assets
  - accidents at work, including fatal accidents
  - potential legal liability of the Company.

Countermeasure:

- strict compliance with OHS rules
  - ongoing monitoring of risks associated with the specific workplaces
  - use of solutions in the scope of prevention.
- The following is also important:
- use of modern and reliable mining machinery and equipment to reduce the risk of industrial accidents
  - relatively regular location of the coal seams mined
  - relatively low costs associated with mining damage repair, due to the low degree of urbanisation of the area where the mine extracts hard coal
  - high level of personnel skills.

Risk severity: **medium**

## Risk related to the Group's social, economic and market environment

### Risk of restrictive climate policies resulting in changes to applicable law

The EU's restrictive climate policy is leading to a reduction in greenhouse gas emissions, an increase in the acquisition of renewable energy and increased energy efficiency. In the Polish power generation industry, electricity is produced mainly from coal (hard coal and lignite). Production of electricity or heat from coal involves significant CO2 emissions. Since the beginning of 2021, there has been a significant increase in the price of CO2 emission allowances which, despite a decrease at the turn of 2023 and 2024, continues to remain high, and directly affects the cost of coal combustion. The above restrictions and subsequent draft regulations in the form of regulations on CO2, SOx, NOx, mercury emission standards and quality standards for coal sold on the household market, i.e. the entry into force of the Resolution of the Minister of Industry and the Minister of Climate and Environment of 4 November 2024 on quality requirements for solid fuels prohibiting the sale of coal on the market (or its segment) from 1 July 2027 with a sulphur content exceeding 1.2% and a sintering index of RI>60, the implementation of local government anti-smog resolutions, the introduction of the ETS2 system, as well as the persistently high level of CO2 emission allowance prices, may have a major impact on the competitiveness of LWB-produced coal for electricity and heat generation and may directly affect the ability to sell LWB-produced coal. Consequently, these restrictions or plans for further legal changes may result in a further reduction in demand for coal. This may also adversely affect LW Bogdanka S.A.'s coal sales and reduce revenues and, consequently, have a negative impact on the Group's financial performance.

Countermeasure:

- active participation in consultations conducted by the hard coal industry in Poland to minimise the above risks borne by domestic coal producers;
- monitoring changes in the Energy Law or other laws and studying their potential impact on the Group's operations.

Risk severity: **medium**

## Risks directly associated with the Group's operations

### Risk associated with the launch of mining from new deposits of LW Bogdanka S.A.

An important aspect of the Company's operations is the need to secure future mining opportunities through access to currently held coal reserves. The decrease in the resource base resulting from deposit depletion through its ongoing mining, lack of preparation of a deposit

for mining and reduction of the level of mining will consequently affect the expected financial results in the future.

The opening of new deposits is connected with the necessity to incur additional capital expenditure, in particular for new capital excavations and the construction of new shafts (ventilation and material intake and output shafts).

The key issue is to ensure that production efficiency is maintained despite longer transport and haulage routes and reduced effective working hours.

Risk severity: **low**

## Technical and technological risks

The underground mining of hard coal deposits is a complex process subject to strict technical and technological regimes.

In the course of such activities, various downtimes may occur due to scheduled and unscheduled (e.g. breakdowns) technical interruptions. In this group of risks, there is also the risk of unexpected, usually local deterioration of the quality of the deposit.

Countermeasure:

- availability of infrastructure - two mining shafts
- possibility of transporting the excavated material from the Stefanów field to the Bogdanka field through underground excavations
- underground coal storage reservoir system
- raw coal reservoirs on the surface
- use of modern mining equipment
- and machinery
- research and development work to increase productivity and improve occupational safety.

Risk severity: **medium**

### Risks associated with the high costs of the technologies used by the Company

The applied technology of steam coal mining involves the use of highly specialised machinery and equipment.

Due to the global concentration of manufacturers of such machinery and equipment, there is a risk of unforeseen price increases, which might entail an increase in capital expenditures or deterioration of cost efficiency.

There is also the risk of hindered access to unique spare parts necessary to guarantee the continued operation.

As the depth increases, the difficulty related to working maintenance intensifies (increase in rock mass pressures), the primary temperature of the rock increases, as do some natural hazards, i.e. those related to water and methane. Providing access to deposit areas where longwalls with runs of over 7,000 meters had been located requires the implementation of technological and organisational solutions to address natural hazards, secure production continuity and OSH. Taken together, this can result in an increase in coal mining costs.

Countermeasure: cost and capital expenditures control, use of highly specialised machinery and equipment, strong working culture with respect to compliance with mining and geological laws and technology, care for the equipment used, scientific and research work, implementation of innovative technologies for improving underground air conditions, implementation of the IIoT platform for controlling operating parameters, and continuous analysis of the effective working time of key machinery in the production process.

Risk severity: **high**

## Risk of IT system failures

Any loss, partial or total, of data related to the failure of computer systems may adversely affect current operations and thus affect future financial results.

Countermeasures:

- periodic audits of IT security
- reviews of authorisations to IT systems
- raising security levels by continuous monitoring of network traffic of potential threats and implementing solutions to impede access and improve security of access to IT systems
- performing secure backups of systems and data, ensuring rapid restoration of systems in the event of failures.

Risk severity: **low**

## Risks directly associated with the Group's operations

### Risk of customers' insolvency

The risk of customer insolvency is associated with the general level of current receivables of the LW Bogdanka Group due from its customers and the balance of receivables over the Group's liabilities. The Group's trade and other short-term

receivables accounted for 14.9% of its balance sheet value and 15.9% of its sales revenues in 2024. Trade receivables accounted for 90.9% of total trade receivables and other short-term receivables. Countermeasure:

- monitoring of outstanding amounts due from the business partners for products sold
- analysis of credit risk for the key business partners on a case by case basis or as part of specific classes of assets
- executing transactions with business partners whose reliability has been confirmed only.

Risk severity: **low**

### Risk related to the strong position of the trade unions

The changing energy policy of the European Union and in the country, as well as legal regulations aimed at a gradual reduction in coal mining, including the May 2021 social agreement regulating the principles and pace of phasing out of steam coal mines in Poland, may affect the sense of uncertainty among workers. The issue of decarbonisation is extremely important from the point of view of the Employer as well as the trade unions representing the employees. In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often

forcing renegotiations of the payroll policy using protests. As at 31 December 2024, there were six trade union organisations active in the Group (of which, at LWB, there were four trade unions representing approximately 71.1% of the workforce). The strong position of the trade unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future, which consequently may adversely affect the financial performance of the LW Bogdanka Group. Moreover, potential industrial action and/or strikes, against the background of the wage policy or the progressive decarbonisation process, organised by the trade unions operating in the Group, may have an impact on the LW Bogdanka Group's operating activities.

Countermeasure:

- ongoing dialogue with trade union organisations,
- holding periodic negotiation and information meetings with the social party on important issues of the Company, in particular on remuneration and the decarbonisation process.

Risk severity: **medium**

### Risk associated with retaining and recruiting the Company's personnel

The labour market is now a worker's market, which promotes the fact that employees can easily switch to a more attractive position. In addition, due to the policy of decarbonising the economy, the mining industry is becoming unattractive to potential job candidates. Concerns about the future of the sector may cause the Company's current employees to seek alternative career opportunities in more stable and promising industries.

In addition, the decarbonisation process will make it difficult to recruit new staff, especially skilled technical staff, engineers or specialists in new mining technologies. As the focus on decarbonisation and energy transition increases, younger generations are less and less willing to

work in the coal sector.

Failure to provide competitive employment opportunities and maintain salaries at market standards will result in the loss of highly qualified employees.

Countermeasure:

- building generational continuity - the implementation of development programmes supports the transfer of knowledge and experience from older employees to younger generations
- attracting employees from related industries, investing in employees with non-mining experience helps transform the business and adapt to future labour market requirements
- cooperation with local vocational schools (partner mining schools) and universities by defining a framework for cooperation (letters of intent with schools/universities),
- providing employees with opportunities for promotion and development within the company's structures
- building a friendly organisational culture,
- increased competitiveness in the labour market - through the implementation of incentive programmes and appropriate social measures
- management competence development activities among the management and supervisory staff
- employee development programmes.

Risk severity: **medium**

### Key supplier risk

The specific nature of the business requires the use of technologies that often involve the use of highly specialised machinery and equipment and the use of specialised services. Thus, there is a potential risk of problems in finding suitable suppliers, as well as the risk that suppliers default on their contracts. This also applies to contractors for specialised mining services, as there may be dependence on these entities due to their small number in the Polish market.

Countermeasure: assessment of potential risks associated with the conclusion of contracts with suppliers in terms of performance of contracts and possibility of starting cooperation with other suppliers. In addition, a performance bond is required to

secure the performance of contracts subject to increased risk.

Risk severity: **high**

### Risk of supplier price collusion

The requirement for highly specialised products and services and the legal aspects that must be met in order for such products and services to be considered appropriate carry the risk of price collusion. Thus, there is a potential risk of a group

of suppliers agreeing on commercial terms that may be offered to LW Bogdanka S.A.

Countermeasure:

- ongoing market monitoring and new supplier acquisition
- periodic analysis of contract prices and assessment of market trends
- searching for replacement products.

Risk severity: **medium**



## Financial and environmental protection risks

### Insurance risk

The Group is exposed to insurance risks, both to the standard extent applicable to all business entities, as well as to the extent typical of entities in the mining industry arising in particular from risks accumulated in the underground mine area. Given the significance of the risks to which the Group is exposed, where particularly justified, these risks are transferred externally on the basis of insurance contracts concluded. The Group has insurance coverage for underground property, surface property and business third party liability as well as for other, less significant risks. In addition to covering potential business liability and property damage, the Group also covers risks of loss of profit (Business Interruption) and the risk of "terrorism" with regard to risks on the mine surface.

Risk severity: **medium**

### Risks associated with reclamation and mining damage

The LW Bogdanka Group is responsible for reclamation of post-mining areas and removal of mining damage. The existing standards regarding reclamation and removal of mining damage may change in the future and greater severity is anticipated in this respect.

Countermeasure: repair works, preventive protection of buildings against the effects of mining damage and reimbursement to investors of costs of adapting new buildings constructed within the mine site, ongoing dialogue with the local community, Advance inventory of construction facilities to eliminate unjustified claims. Ongoing monitoring of land subject to mining impact. Meetings of the Consulting Team for periodic assessment of impacts of mining

operations on the land surface within the borders of Cyców, Ludwin and Puchaczów municipalities organised by the Director of the Mining Authority twice a year. Consistent execution of drainage hydrological works and land reclamation in the affected area.

Risk severity: **low**

### Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits

The activities of LW Bogdanka S.A. exert a significant impact on the environment. Accordingly, it must hold certain permits and comply with regulatory standards for the use of the environment (including the BAT requirements of BAT - Best Available Techniques). They refer, in particular, to:

- water and sewage management
- waste management
- emissions of substances and noise into the air
- use of natural resources.

Countermeasure : The Company monitors regulations on an ongoing basis and adjusts its operations as necessary within statutory deadlines.

Risk severity: **medium**

### Risk related to mining waste management

The Company generates significant quantities of mining waste. The mining waste is subject to management (recovery) and storage at the mining waste disposal facility in Bogdanka. Approx. 50% of waste is processed and 50% is kept in the facility.

Based on a construction permit, the Company is conducting works to increase the current spoil tip (to 250 m a.s.l.) and to enlarge the spoil tip in the eastern part. It has also taken steps to acquire adjacent land for further expansion, and another permit has been obtained for the expansion of the mining waste facility in the south-eastern part, which will secure waste storage for the next 6-7 years. Further actions are being taken to acquire more land to expand the facility. Failure to complete this investment will entail the risk of undermining the stability of the mining process and the need to seek alternative methods of mining waste management. Countermeasure: The Group has been carrying out works to elevate and expand the existing mining waste facility. It has also continued efforts to acquire further land for the upcoming stages of spoil tip expansion.

The Parent Company takes intense efforts to recover and manage the mining waste.

Risk severity: **medium**

### Investment risk associated with the presence of protected areas

The mine is located close to protected areas (a national park, landscape parks, protected landscape areas, wildlife corridor, as well as two Natura 2000 areas located partially in the mining area and three in close proximity to the mining area). All planned investments must be analysed in terms of their potential negative impact on protected areas. There is a risk that in case of undertaking investment activities, certain obligations or stricter requirements may be imposed on the mine with a view to reducing negative environmental impacts. An objection may also be lodged against the performance of a particular investment project. Such investment restrictions may require higher capital expenditures and hence may affect the financial result.

Countermeasure: ongoing monitoring, adjusting operations to meet the requirements and obligations.

Risk severity: **medium**

## Risks relating to proceedings and the legal environment

### Risk of changes in the tax law

Lack of stability and transparency in the Polish tax system, resulting from the changes in regulations and inconsistent interpretations of the tax law, can cause uncertainty in the final results of financial decisions. Continuous amendments to tax laws and also strict sanction regulations are not incentives to take such decisions. Volatility of regulations and sometimes even of interpretations thereof may entail occurrence of any types of risks. Consequently, the amount of tax due indicated in the financial statement may need to be modified later, after the final decision of tax authorities. Countermeasure:

- monitoring the changing tax laws
- training for employees to make sure they are as competent as possible in this area
- thorough analyses of any emerging tax issues, including by relating them to recent tax interpretations and court rulings on similar issues, requesting individual tax interpretations
- using the assistance of advisory companies
- performance of the Transfer Pricing Policy which sets forth the terms and principles of setting prices for transactions executed
- within the Group
- application by the Parent Company of a tax strategy as referred to in Article 27c of the Act on Corporate Income Tax.

Risk severity: **medium**

### Property tax risk in relation to LW Bogdanka S.A.'s mine workings

In line with the strategy adopted, the Parent Company also takes into account the values of underground mine workings and the equipment located in these workings in its property tax declarations from 2019 for the purpose of calculating this tax. At the same time, the provisions of the Act of 19 November 2024 amending the Agricultural Tax Act, the Local Taxes and Fees Act and the Stamp Duty Act enter into force on 1 January 2025. This legislation introduces quite significant changes in the area of real estate tax, including a revised definition of a building and a new list of and scope of objects that will be considered as structures subject to property tax therefore the Parent Company has taken appropriate measures in order to mitigate the risk in this regard.

Countermeasure:

- monitoring the changing tax laws
- training for employees to make sure they are as competent as possible in this area
- thorough analyses of any emerging tax issues, including by relating them to recent tax interpretations and court rulings on similar issues, using the assistance of advisory companies.

Risk severity: **low**

### Risk of changes in the law and its interpretation and application

The laws in Poland change quite frequently. Interpretations of the law and the practice of applying it also are subject to change. Changes to interpretation of tax regulations are particularly frequent. Practices of tax authorities and judgements handed down by courts in cases related to taxation are not uniform. The adoption by the tax authorities of an interpretation of tax law different from that adopted by the Group or the introduction of new requirements by the Mining Law may imply a deterioration of its financial position and, as a result, adversely affect the Group's results and development prospects. Countermeasure:

- using the services of legal advisers and advisory companies, as well as consulting a variety of offices specialising in the issues under analysis
- if applicable, the Group also requests binding interpretations of the law.

Despite the efforts undertaken it is not possible to fully eliminate the risks although the Management Board believes that the risk is significantly mitigated.

Risk severity: **medium**

### Risk of violating stock exchange disclosure obligations

As the shares in LW Bogdanka S.A. are listed on the Warsaw Stock Exchange, the Company is subject to a number of obligations which, in case of failure to perform or improper performance, may entail significant fines. Countermeasure: due performance of the obligations including prior implementation of internal procedures for exchange of stock exchange information in LW Bogdanka S.A., as well as ongoing monitoring of the Company's operations in terms of disclosure obligations.

Risk severity: **low**

### Risk of extension of the process of issuing administrative decisions on the conduct of mining operations

As other mines, LW Bogdanka S.A. carries out the mining operations based on the Mine Operation Plan approved by the Director of the Regional Mining Authority. The current Operation Plan covers the years 2023-2025 and has been subject to numerous updates in connection with the changes in circumstances arising during the operations. An update to the Operation Plan in the form of a Supplement is approved by means of an administrative decision subject to the same principles as the Plan. The Company was informed that one of the social organisations, which indicates in its statutory objectives the protection of nature, landscape and the environment, had applied for admission to participate in the administrative proceedings for updating the Operation Plan currently in effect in the Company. An intervention by social organisations which are negatively inclined towards the Company in the procedures regarding approval of updates of the Operating Plan entails the risk that this process will be prolonged, and thus may have the effect of obstructing the mining operations covered by the Supplement. To mitigate the above risk, the Company conducts educational and information activities regarding the impact of mining operations on the environment, as well as relies on the support of reputable law firms to conduct the proceedings.

Risk severity: **high**

## Working conditions and technical risks

### Working conditions

The nature of the business activity conducted by the Company causes employees working in the mine, especially underground, to be exposed to a number of natural hazards and technical risks. Working in underground conditions means also exposing an employee to harmful and onerous factors of working environment which are present in the workplaces.

### Natural hazards

The following natural hazards are present at the mine:

- **Methane threat**  
risk severity: **low**
- **Water threat**  
risk severity: **high**
- **Threat of coal dust explosion**  
risk severity: **medium**
- **Fire hazard**  
risk severity: **medium**

Because of compliance with OSH regulations, continuous monitoring and applied prevention measures, the occurring threats and risks remain under control.

### Technical threats

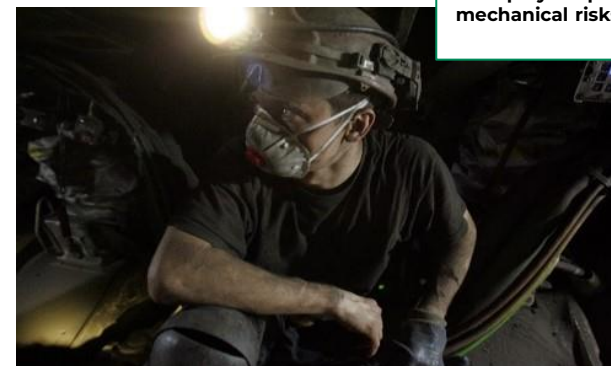
In 2024, there were an average of 11 workers per day in positions with mechanical agent hazards associated with particularly hazardous machinery.

Particularly hazardous machinery includes:

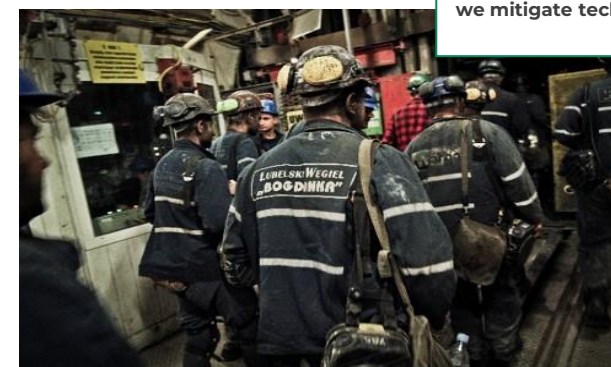
- belt and scraper conveyors
- underground railway locomotives
- suspended diesel railways
- hydraulic powered supports.

Mitigation of technical risks and their impact on employees is achieved through:

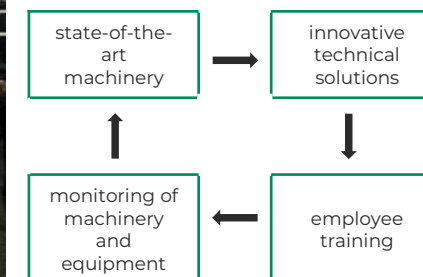
- replacement of machinery and equipment with more modern and safer for employees
- training on the operation of machinery, equipment and installations requiring appropriate qualifications, as well as skills in the area of operation of minor mechanisation
- ongoing monitoring of technical condition of machinery and equipment
- Implementation of innovative technical solutions, use of minor mechanization machinery and equipment with improved safety standards.



**11 employees per day, on average, are exposed to mechanical risks**



**we mitigate technical risks by:**



## Harmful and onerous factors

### Harmful and onerous factors

Measurements of harmful factors occurring at workplaces in the Company are carried out in line with the Regulation of the Minister of Health of 2 February 2011 on the tests for and measurements of harmful factors in the work environment (Journal of Laws of 2023 item 419 as amended) and the internal procedure developed in this regard.

### The internal procedure includes measurements of the following factors:

- coal dust
- crystalline silica dust
- audible noise
- general and local vibrations
- ionising radiation
- harmful effects of welding gases
- microclimate.

All employees working in conditions harmful to health are kept informed about the existing risks, i.e. harmful and onerous factors at workplaces. The employer provides employees with personal protective equipment appropriate to the occurring hazards and provides training on their proper use.

### Occupational accidents

In 2024, at LW Bogdanka S.A., 52 accidents causing temporary disability to work occurred. The number of accidents and the basic accident rates are shown in the table beside. In 2024, the incidence rate decreased by 9.2% and the frequency rate decreased by 10.5%.



### Number of underground workers employed at workplaces with exceeded Highest Allowed Intensity and Highest Allowed Concentration standards

	Dust	Noise	Vibration	Microclimate	Chemical agents	Other
2022	1,459	635	103	637	-	-
2023	1,380	967	109	845	-	-
2024	1,452	959	117	964	-	-

### Summary of the number of accidents and accident rates in the Company in 2022-2024

	2022	2023	2024
Total number of accidents	67	56	52
including fatalities	1	-	-
including involving serious injury	-	-	-
incidence ratio (per 1000 employees)	13.7	10.9	9.9
frequency ratio (per 100,000 days worked)	7.1	5.7	5.1

## Human capital

**The LW Bogdanka Group** is one of the biggest employers in the Lublin region. We employ over six thousand people, a vast majority of whom come from Łęczna District and its surrounding areas, i.e. within 50 km from Bogdanka.

Naturally, we are strongly attached to the region and its inhabitants. We offer attractive jobs, opportunities to develop in the organisation and a rich social package. Our desire is to build a well-cooperating team with our employees, where people are committed to work and aware of the challenges, opportunities and possibilities faced by our organisation. Employees are perceived as one of our crucial assets conditioning our sustainable development. We are happy about their professional ambitions and assure that they continuously improve their professional qualifications and interpersonal skills and are effectively motivated.

### Key HR objectives:

- Attracting and retaining the best employees
- Increased level of occupational safety
- Technical improvement of occupational safety
- Industry re-qualification programme for mining workers

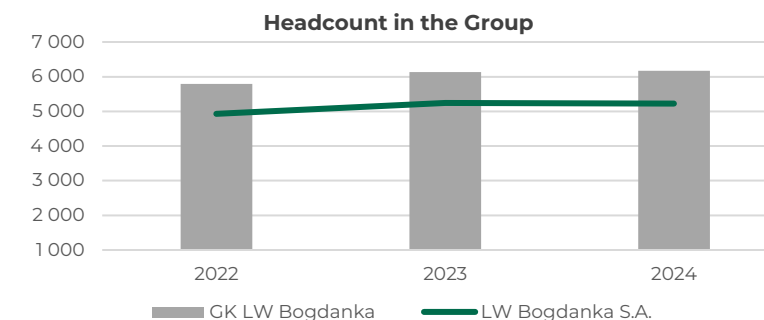
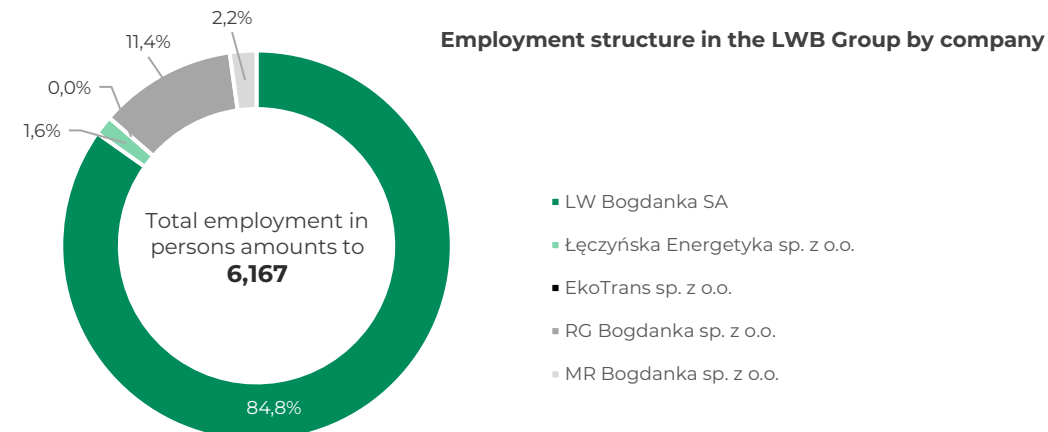
[persons as at 31 December]	2022	2023	2024	Structure	Change 2024/2023
LW Bogdanka S.A.	4,929	5,246	5,225	84.8%	-0.4%
Łęczyńska Energetyka sp. z o.o.	97	101	99	1.6%	-2.0%
EkoTrans sp. z o.o.	1	1	1	0.0%	0.0%
RG Bogdanka sp. z o.o.	656	675	704	11.4%	4.3%
MR Bogdanka sp. z o.o.	108	109	138	2.2%	26.6%
<b>GK LW Bogdanka</b>	<b>5,791</b>	<b>6,132</b>	<b>6,167</b>	<b>100.0%</b>	<b>0.6%</b>

### Headcount in the Group

In 2024, a 0.6% increase in employment in the LW Bogdanka Group was recorded. The largest increase in the number of employees was reported in MR Bogdanka sp. z o.o. The employees working underground constituted the core group of employees at LW Bogdanka Group, i.e. 70.5%.

### Headcount in LW Bogdanka S.A.

In 2024, the Parent Company employed 84.7% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 80.3% of LW Bogdanka S.A.'s total workforce.





## Changes in the headcount

### White-collar workers

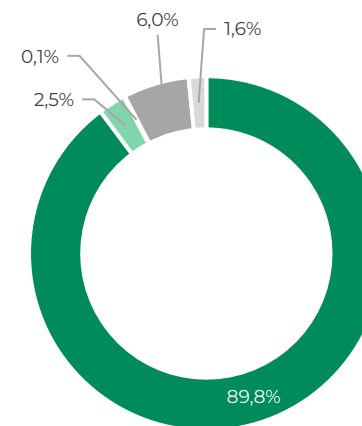
[persons as at 31 December]	2022	2023	2024	Structure	Change 2024/2023
LW Bogdanka S.A.	908	1,032	1,027	89.8%	-0.5%
Łęczyńska Energetyka sp. z o.o.	30	31	29	2.5%	-6.5%
EkoTrans sp. z o.o.	1	1	1	0.1%	0.0%
RG Bogdanka sp. z o.o.	66	69	69	6.0%	0.0%
MR Bogdanka sp. z o.o.	11	12	18	1.6%	50.0%
<b>GK LW Bogdanka</b>	<b>1,016</b>	<b>1,145</b>	<b>1,144</b>	<b>100.0%</b>	<b>-0.1%</b>

### Blue-collar workers

[persons as at 31 December]	2022	2023	2024	Structure	Change 2024/2023
LW Bogdanka S.A.	4,021	4,214	4,198	83.6%	-0.4%
Łęczyńska Energetyka sp. z o.o.	67	70	70	1.4%	0.0%
EkoTrans sp. z o.o.	-	-	-	-	-
RG Bogdanka sp. z o.o.	590	606	635	12.6%	4.8%
MR Bogdanka sp. z o.o.	97	97	120	2.4%	23.7%
<b>GK LW Bogdanka</b>	<b>4,775</b>	<b>4,987</b>	<b>5,023</b>	<b>100.0%</b>	<b>0.7%</b>

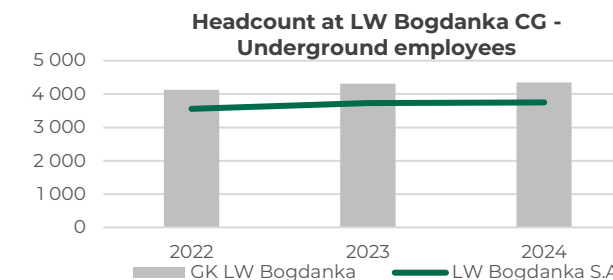
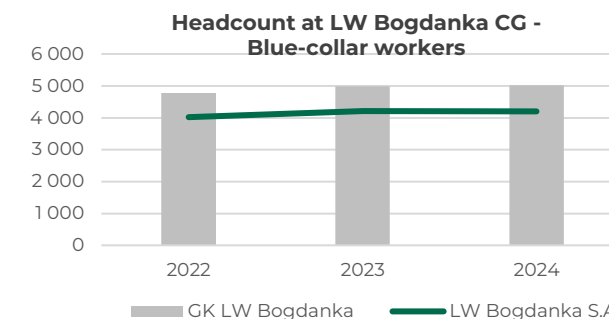
### Underground employees

[persons as at 31 December]	2022	2023	2024	Structure	Change 2024/2023
LW Bogdanka S.A.	3,557	3,726	3,753	86.3%	0.7%
Łęczyńska Energetyka sp. z o.o.	-	-	-	-	-
EkoTrans sp. z o.o.	-	-	-	-	-
RG Bogdanka sp. z o.o.	571	582	596	13.7%	2.4%
MR Bogdanka sp. z o.o.	-	-	-	-	-
<b>GK LW Bogdanka</b>	<b>4,128</b>	<b>4,308</b>	<b>4,349</b>	<b>100.0%</b>	<b>1.0%</b>



**Headcount at LW Bogdanka CG - White-collar workers**

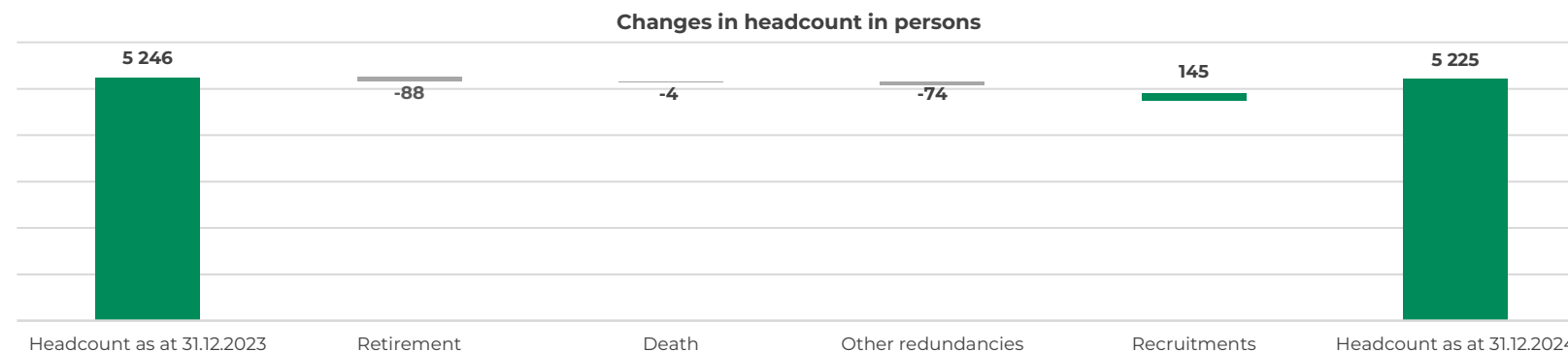
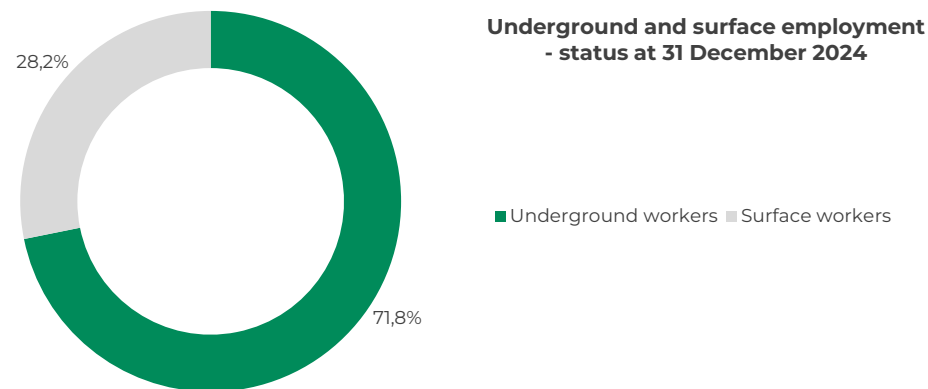
- LW Bogdanka S.A.
- Łęczyńska Energetyka sp. z o.o.
- EkoTrans sp. z o.o.
- RG Bogdanka sp. z o.o.
- MR Bogdanka sp. z o.o.



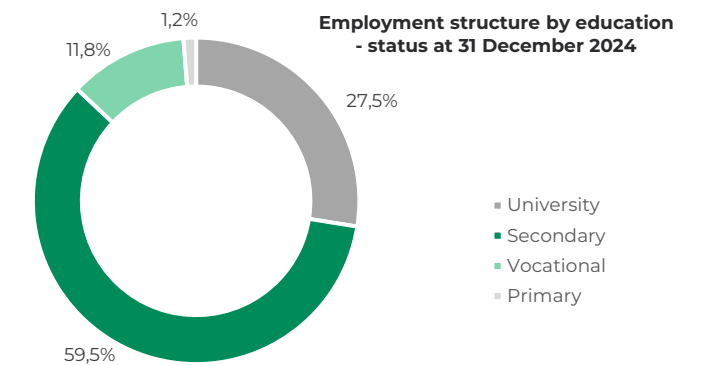
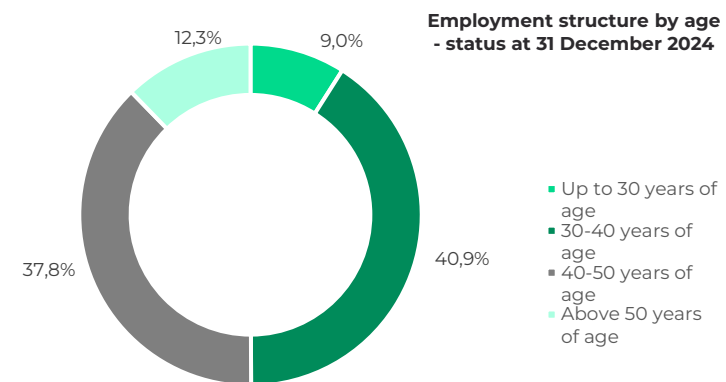
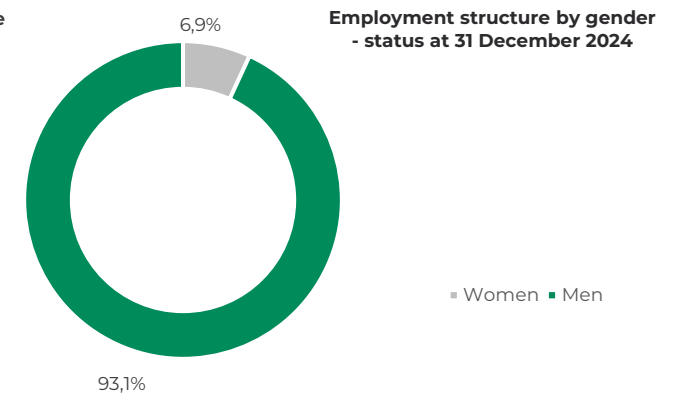
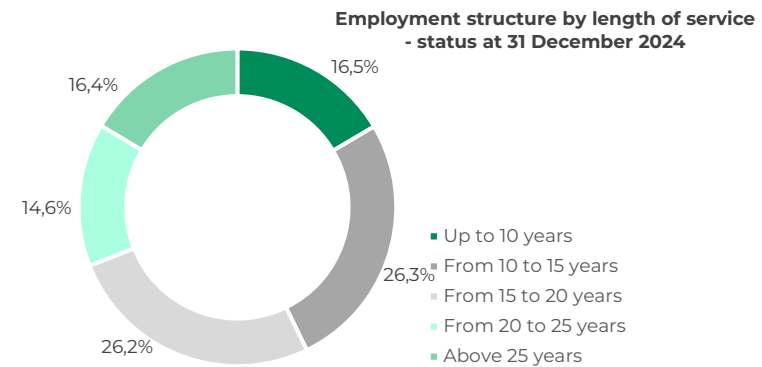
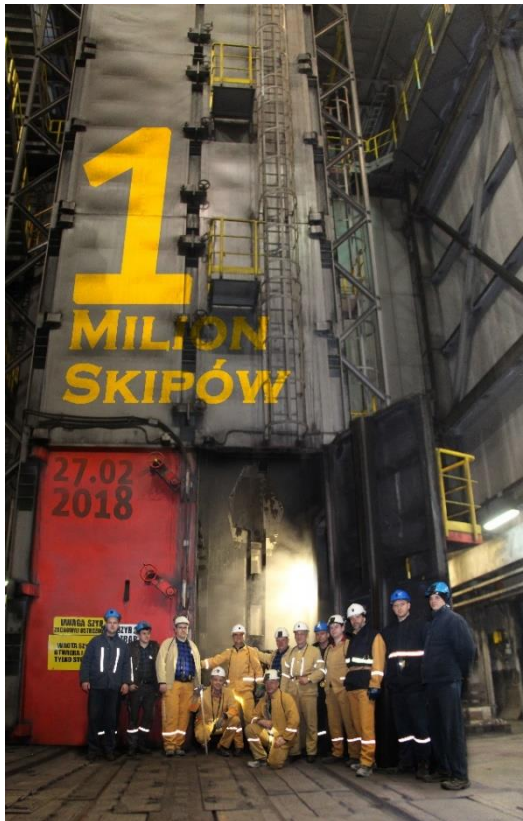
## Changes in headcount in LW Bogdanka S.A.



- at the end of 2024, the Company employed 5,225 people, compared to 5,246 at the end of 2023, i.e. a decrease by 0.4%
- underground mine workers constitute 71.8% of the staff, compared to 28.2% of surface workers.  
Given the nature of the industry, the Company employs mostly men; they accounted for 93.1%, while women for 6.9%
- in terms of age, the main group, 40.9% of all employees, was between 30 and 40 years of age
- in terms of education, the largest group consists of people with secondary education. Their share in total headcount at the end of December 2024 was 59.5%.
- 2,987 people (57.2%) in the Company have worked for more than 15 years, which indicates extensive experience and high qualifications.



## Employment structure in LW Bogdanka S.A.



## Average monthly salary



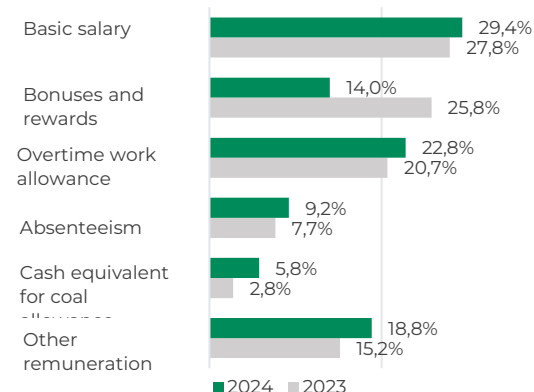
The Company's remuneration rules are governed by the Company Collective Bargaining Agreement of 31 October 2001 (hereinafter referred to as the "CBA"), concluded between the Company's Management Board and the trade unions operating at the Company: the Inter-Company Commission of the NSZZ "Solidarność", the Trade Union of Miners in Poland, the Trade Union "Kadra" and the Trade Union of Employees of Coal Preparation Plants in Poland "Przeróbka". The CBA defines the benefits due under the employment contract, as well as rules for the payment of individual salary components, including tables of applicable rates, allowances for efficient performance, e.g. for overtime work, allowances for rescue staff and others. The CBA also applies to key managers as referred to in the rule 6.1 of Best Practices of Companies Listed on WSE 2021.

In 2024, the personnel payroll was in line with:

- memorandum of agreement on implementation of payroll policy in 2024 of 25 September 2024
- monthly bonus settled on the basis of:
  - extent of completion of monthly production tasks
  - sales of commercial coal
  - average sales price achieved
  - rate of performance of the Company's expense budget in specific periods.

When implementing the remuneration policy, the Company pays special attention to ensure that the remunerations reflect the results of operations. Employees who demonstrate commitment and show initiative at work are given bonuses and rewards.

## Remuneration structure in 2023 and 2024 was as follows:



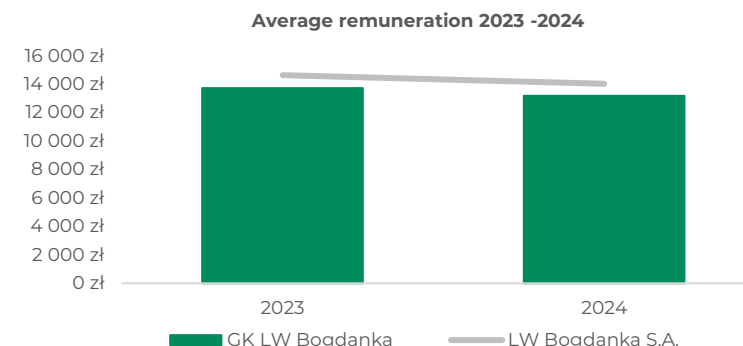
In 2024, the Company Management Board placed particular emphasis on linking remuneration to the Company's performance, the implementation of production and investment plans, and maintaining the stability of jobs in the Company. The increase in remunerations was mainly due to the following events:

- Recognising the Staff members' ongoing commitment and contribution to rebuilding maximum production capacity as soon as possible in 2024, the Management Board paid a special incentive award for 1H 2024, which affected the Company's average remuneration. The special incentive award (gross amount for an employee) disbursed to the employees totalled PLN 15 million.
- In connection with the agreement on the implementation of the remuneration policy for 2024 signed between the Company's Management Board and the Trade Unions taking into account an 11.4% increase in the Company's average salary, it was agreed that the aforementioned salary increase would be implemented through:
  - maintaining the level of the monthly regulatory bonus on the same basis as in H1 2024;
  - the special award for H1 2024 referred to

- above paid on 13 September 2024;
- Payment of the special award in H2 2024 in two instalments. The total amount of the special incentive award (2nd instalment gross for an employee) disbursed to the employees amounted to PLN 32.5 million.
- The arrangements included in the agreement on the implementation of the remuneration policy for 2024 resulted from the concern to preserve the jobs of the Employees hired by the Company and to compensate them for the increasing cost of living, while maintaining the secure financial condition of LW Bogdanka S.A.

[PLN]	2023	2024	Change 2024/2023
LW Bogdanka S.A.	14,633	14,031	-4.1%
Łęczyńska Energetyka sp. z o.o.	7,311	8,778	20.1%
EkoTrans sp. z o.o.	10,755	12,651	17.6%
RG Bogdanka sp. z o.o.	7,934	8,167	2.9%
MR Bogdanka sp. z o.o.	7,408	7,882	6.4%
<b>LW Bogdanka Group*</b>	<b>13,724</b>	<b>13,185</b>	<b>-3.9%</b>

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



## Marketing activities

In 2024, marketing activities were performed in line with the Sponsorship Activity Strategy for Lubelski Węgiel Bogdanka in 2022–2024 and Social Engagement Policy for LW Bogdanka S.A. in effect at the Company. The above-mentioned documents strictly define both the objectives and the areas of the activities.

In 2024, the Company supported numerous local initiatives and projects, consistently building its image as a socially responsible company. The majority of activities undertaken in the area of promotion were aimed at creating a positive brand image of the mine, especially in the local community. In the middle of the year, in accordance with the decision of the management board the projects under implementation were reviewed. This was due to the need for financial optimisation and cost reduction in the area of marketing activities using sponsorship activities. As a result of the review and revision of the activities undertaken, the number of ongoing projects was reduced, which subsequently translated into the reduction in expenditure of approximately 24% in relation to the plan.

### Objectives of the actions

The objectives of the marketing and promotional activities undertaken include, among others:

- promoting (disseminating and strengthening) the Company's brand by increasing its visibility, recognition and reach,
- strengthening the public and opinion leaders' awareness of the importance of the Company for the Lublin Region,
- creating a positive image of the Company, especially in its immediate geographic environment,
- building the image of the Company as effectively implementing the idea of corporate social responsibility (CSR),

- enhancing the Company's reputation as an active patron of socially relevant projects and initiatives, especially in the Lubelskie Voivodeship,
- engaging young people (including children of the Company's employees) in sports, taking care of their psycho-physical development through the opportunity to participate in sports activities organised by entities sponsored by the Company,
- building public support for the Company's business activities,
- continued creation of Bogdanka's image as a leader in the mining industry,
- reaching the Company's key stakeholders, such as customers, business partners, shareholders, investors, and the local community.

The above goals were realized through the

following tools: sponsorship projects, PR projects, corporate social responsibility activities, as well as activation of projects through organisational 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

Sponsorship is a tool for the implementation of our company's strategic objectives, including, first and foremost, shaping of a positive image of the company, in particular in the immediate geographical environment, and building the public's belief that Bogdanka is a stable and socially sensitive company, while the organisational changes introduced are positive and will not be implemented to the detriment of the local community and other important stakeholders.

The Company carries out activities in the form of sports sponsorship (amateur and professional sports) and socio-cultural sponsorship (projects with the greatest social potential). The overall sponsorship projects translated into advertising, promotional and image benefits for the brand and the company.

In 2024, the Company carried out 45 sponsorship projects, of which 22 related to sport (professional and amateur) and 23 to the socio-cultural area. The total expenditure on sponsorship amounted to PLN 14,094 thousand. The sponsorship budget was accomplished in 76.4% (the annual plan assumed a maximum budget of PLN 18,440 thousand).

In return for the sponsorship remuneration, all sponsored entities performed promotional and advertising services catalogues for LW Bogdanka S.A., as stipulated in the agreements.

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

#### a) Sports sponsorship

As part of its sports sponsorship, the Company is involved in professional and amateur sport, 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.

In the case of sports sponsorship, the number of projects carried out in 2024 compared to 2023 decreased by 19 (in 2023, the number of projects was 41 and in 2024 - 22), with the total expenditure of PLN 13,371 thousand (a y/y decrease of nearly 8%). Among the sports supported were those that are most popular in the region: soccer, speedway, volleyball, basketball, and the main beneficiaries of the sponsorship budget were sports clubs from the Lublin area, namely: Górnik Łęczna S.A. together with Górnik Łęczna Foundation running the Sports Academy, Speedway Lublin S.A. (running a team that performs as Motor Lublin), LKPS Lublin Sp. z o.o. (running a team that competes in the league under the name BOGDANKA Luk Lublin), Miejsko-Górnicyz Klub Sportowy Gwarek Łęczna (amateur boxing). In H1 2024, the sponsorship cooperation with Chełmski Klub Sportowy was terminated (volleyball and football sections) and Miejski Klub Sportowy Avia Świdnik Sp. z o.o. (volleyball section). In the case of projects: Górnik Łęczna, Speedway Lublin, LKPS Lublin the Company's involvement is long-term, ensuring

the implementation of the objectives set out in the Strategy and benefits for the Bogdanka brand.



## Marketing activities



The main beneficiaries of the Company's sponsorship budget and, at the same time, the projects that attracted the greatest interest and generated the highest value to the exposure of the LW Bogdanka brand included:

- **Górník Łęczna S.A. (with the Sports Academy Foundation of Górník Łęczna)**

Górník Łęczna currently plays at a level of the First Football League. In its history to date, it has played in the top division for eight seasons. Through its Foundation, the Club runs the Sports Academy, training over 400 male and female athletes in three disciplines: football, badminton and running. The Club has been awarded the Golden Certificate of Youth Football Schools by the Polish Football Association and is the only one in the Lubelskie Voivodeship holding the distinction of meeting the highest standards in football coaching for children and young people. For 6 years now, the foundation Fundacja Górnika (Miner Foundation) has run the first and only Sports Champions School (football) at the Secondary School level. The Company has uninterruptedly been the Górník Łęczna Strategic Sponsor from its very beginnings, i.e. since 1979. Sponsorship of the Górník Łęczna team, which is one of the one of the most important sporting symbols of the region, strengthens the company's image as an entity supporting the development of local culture, sport and physical activity and physical activity. The functioning of the Górník Łęczna club in the Lublin region gives a sense of pride to a large part of the inhabitants of the Lublin voivodeship and is one of the important elements in the cultivation and development of sporting traditions around the Bogdanka mine. The existence of such a team in Łęczna in Łęczna and its association through sponsorship relations with our Company has a significant impact on the perception of the "Bogdanka" corporate brand in the environment and the Company's impact on the local community (implementation of the social responsibility policy).

- **Speedway Motor Lublin (participating in the PGE Ekstraliga speedway league as Platinum Motor Lublin)**

In 2024, the Motor Lublin speedway team won the title of Poland's Team Champion in the world's best speedway league, the PGE Ekstraliga for the third consecutive year. In addition to the team gold medal, in 2024 Motor Lublin's riders achieved many individual successes, including among others: Bartosz Zmarzlik became the individual senior world champion (for the fifth time) and Wiktor Przyjemski won the identical trophy in the junior category. The club is currently the most recognisable sports club in the Lublin region, with a multitude of loyal fans who always fill the Lublin speedway stadium completely. The team's supporters include a very large group of our Company's employees with their families. There is no doubt that speedway is extremely popular among employees, as evidenced by the number of passes and tickets purchased for each match. The fact of popularity of the Motor Lublin speedway team and its association through sponsorship relations with our Company has a significant impact on the perception among stakeholders of the "Bogdanka" corporate brand and the impact on the local community (implementation of the social responsibility policy). Sponsoring a championship team is a source of pride and recognition that the Company contributes to the popularity of the sport and meets the social needs of the people of the Lublin region. The phenomenon of Motor Lublin consists in the successful synergy of sport and business. Each party involved achieves its own benefits and objectives.

- **LKPS Lublin Sp. z o.o. (Competing in the PlusLiga volleyball league under the name BOGDANKA Luk Lublin)**

In 2024, the Company continued the agreement concluded in 2023 with LKPS Lublin Sp. z o.o. for the sponsorship of the Bogdanka LUK Lublin volleyball team. The team's participation in a highly popular and highly successful club and representative discipline is an excellent opportunity for the Company to promote the brand on a national arena. All matches with the participation of Bogdanka LUK Lublin are broadcast "live" on the Polsat Sport channel (average viewing is over 250,000), and the results of the matches are reported by all major national and regional media. Thanks to the constant presence of the brand in the mass media, the Company obtains image benefits expressed in a high advertising equivalent and positive perception by the local community. In addition, the popularity of matches involving the team is expressed by the highest average fan attendance of all clubs playing in the PlusLiga.

On the sporting front, the team took its historic fifth top place in the league table at the end of the 2023/2024 season, which became a pass to play in European-level competitions. Bogdanka LUK Lublin won the Challenge Cup. The arrival of one of the world's best volleyball players, Polish national team member Wilfredo Leon, became the driving force for the club, taking it to the next level and changing its perception.



## Marketing activities



### Effectiveness of ongoing sponsorship projects:

As every year, the Company performed a detailed analysis of the implemented sponsorship projects in the area of sports, in terms of value of Lubelski Węgiel Bogdanka brand exposure and effectiveness. The total value of brand exposure in the sponsorship projects implemented in 2024 amounted to PLN 55,970.6 thousand and was - despite lower financial expenditure - 80% higher compared to the values achieved in 2023 (PLN 31,100 thousand). Such a result was achieved by more than 232 thousand exposures of the Bogdanka brand in the press, television and Internet (in 2023 it was 148 thousand)

### TOP 10 sponsorship projects with the highest value of Bogdanka brand exposure in 2024:

1. BOGDANKA LUK Lublin - PLN 30,739.2 thousand
2. Motor Lublin - PLN 10,712.4 thousand
3. Górnik Łęczna and Akademia Sportu - PLN 5,888.4 thousand
4. BOGDANKA Volley Cup - PLN 4,362.6 thousand
5. BOGDANKA Arka Chełm - PLN 1,502.5 thousand
6. Polish Taekwondo Association - PLN 545.4 thousand
7. Padwa Zamość - PLN 432.0 thousand
8. Polski Cukier AZS UMCS Lublin - PLN 393.7 thousand
9. Avia Świdnik - PLN 372.7 thousand
10. Chełmianka Chełm - PLN 326.4 thousand



### b) Social and cultural sponsorship

Cooperation within the framework of socio-cultural sponsorship is focused on selected areas of social involvement, taking into account the implementation of socially useful objectives and the use of promotional potential for the Company. The priority tasks supported by socio-cultural sponsorship include culture and the arts, science and traditions, social affairs and memory as well as national identity.

In the area of socio-cultural sponsorship, the number of projects carried out in 2024 compared to 2023 decreased from 76 to 23, and the total expenditure amounted to PLN 323.5 thousand (a decrease of 83% y/y). The company continued its support of socio-cultural events, and extended its patronage to the H. Ch. Andersen Theatre, the only institutional theatre for children and young people in the Lublin region and one of three in eastern Poland. More than 42,000 spectators visit the theatre every year and this number continues to grow. For several seasons now, it has been creating interesting theatre projects, not limiting itself to producing performances, but also carrying out extensive educational activities. In addition, in 2024 the Company supported the activities of, among others, the Musical Theatre in Lublin and the Wirydarz Art Gallery.

From the Company's point of view, involvement in such initiatives is an expression of consistency with the implemented policy of social responsibility, which consists of building an image in the environment of a socially credible organisation that engages in important events for the local community. Sponsorship of culture has an image dimension for LW Bogdanka and is an element of corporate social responsibility.

### Public Relations

The remainder of the promotional budget was used in 2024 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. Among last year's events, the participation of a large group of our Employees in the School of Underground Exploitation (SEP) should be highlighted - this industry event annually brings together experts, scientists and opinion-forming media. Just after the SEP, another edition of the Mining Leaders Academy took place. The company was also represented by members of the Management Board at key events, including the European Economic Congress.

Last year saw numerous activities on the internet and social media aimed at popularising the brand and presenting Bogdanka to a wider audience. The Company also produced footage of visitors to the Company, but also the footage that gave an insight into the nature of the work of underground workers. Materials were posted on the Company's official social media channels. No less important are the interviews and articles that have appeared both in the trade press (Trybuna Górnicza, nettg.pl), in national newspapers (Forbes, Puls Biznesu, PAP) and in local ones (Kurier Lubelski, Dziennik Wschodni, TVP3 Lublin, Radio Lublin).

Expenditure on sponsorship and promotion [PLN thousand]	2023	2024
Exclusive Offer	2,204.4	785.2
Sports sponsorship	14,428.6	13,771.0
Social and cultural sponsorship	1,906.2	323.5
<b>Total</b>	<b>18,539.2</b>	<b>14,879.7</b>

## Information about the auditor of the financial statements, principles of drafting the consolidated and standalone financial statements, and court and out-of court proceedings

### Information about the auditor of the financial statements

On 24 March 2021, the Supervisory Board adopted a resolution on the selection of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw (PwC), as the entity authorised to:

- review the Parent Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2021 and 2022,
- audit the Parent Company's financial statements and the consolidated financial statements of the Company's Group for 2021 and 2022.

The agreement was concluded on 16 June 2021.

On 29 May 2023, the Supervisory Board adopted a resolution on extension of the agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw, as the entity authorised to:

- review the Parent Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2023, 2024 and 2025.

- audit the Parent Company's financial statements and the consolidated financial statements of the Company's Group for 2023, 2024 and 2025.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. is entered since 16 February 1995 in the list of entities authorized to audit financial statements maintained by the National Chamber of Statutory Auditors, under registration number 144. The annex was signed on 30 May 2023.

The Group has previously used the services of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and entities within the PwC network, among others, in the following areas: review and audit of standalone and consolidated financial statements, including the review of the consolidated financial statements for 2023-2020, prepared in XBRL format; tax consulting in the area of, among other things, excise taxes; verification of the correctness of the Parent Company's calculation of the Excise Ratio; work related to verification of the calculation of the Electricity Intensity Ratio; and evaluation of the Parent Company's Management and Supervisory Board Remuneration Report. In addition, PwC performed the assurance service for the Parent Company's 2024 sustainability report (ESG).

### Principles of preparation of the Annual Consolidated and Separate Financial Statements

Consolidated financial statements of the LW Bogdanka Group and the financial statements of LW Bogdanka S.A. for the financial year from 1 January to 31 December 2024 were prepared on the basis of International Financial Reporting Standards and related interpretations promulgated as regulations of the European Commission.

The financial statements have been drawn up in accordance with the historical cost principle, except for derivative financial instruments measured at fair value.

The separate and consolidated financial statements have been prepared using the same accounting policies for the current and comparative periods.

### Court and out-of-court proceedings

On 20 February 2024, as a result of the Parent Company's appeal against the judgement of the court of first instance in case file I C 942/13 for payment under the rights to patent 206048, the Court of Appeals in Warsaw (case file no. VII Aga 422/23) amended the appealed judgement and dismissed the claim in large part. In accordance with the Court's judgement, the Parent Company was obliged to pay to the plaintiffs the sum of PLN

4.1 million with interest calculated from the dates indicated in the judgement. The verdict is legally binding. Both the Parent Company and the Plaintiff filed a cassation appeal against the judgement of the Court of Appeals in Warsaw of 20 February 2024. In the Supreme Court, the case was assigned the file reference number I CSK 2668/24. The date for examination of the complaint has not yet been set.

Apart from the aforementioned case, as at the date of preparation of this Report, neither LW Bogdanka S.A. nor its subsidiaries were parties to any material proceedings pending before any court, arbitration body or public administration body concerning the liabilities or receivables of the Company or its subsidiary.

### Settlement proceedings

In 2024, the Company was not a party to any settlement proceedings.

**The fees of the auditor of the financial statements (of the Parent Company and its subsidiaries) and of other entities in the PricewaterhouseCoopers network, for all services rendered are as follows:**

	2023	2024
<b>Auditor's remuneration [PLN thousand]</b>	<b>495</b>	<b>859</b>
including:		
- Audit of the annual financial statements	350	395
- Review of the financial statements	70	79
- Verification of consolidated XBRL financial statements	30	34
- Attestation of the sustainability report (ESG)	-	300
- Verification of the remuneration report	35	40
- Other assurance services (review of ratios)	10	11



## 2. Financial standing





## Coal production, sales and inventory of the LW Bogdanka Group

### Production and sales of the Company's commercial coal

[thousand tonnes]	Q4 2023	Q4 2024	Change	Change %	2023	2024	Change	Change %
Gross coal extracted	3,810	3,597	-213	-5.6%	11,740	12,049	309	2.6%
Commercial coal production	2,496	2,526	30	1.2%	7,053	7,896	843	12.0%
Mining yield (%)	65.5%	70.2%	4.7 p.p	7.2%	60.1%	65.5%	5.4 p.p	9.0%
Sales of commercial coal	2,142	2,404	262	12.2%	6,703	8,109	1,406	21.0%
New excavations (km)	6.9	5.4	-1.5	-21.7%	29.7	21.8	-7.9	-26.6%

### Company's commercial coal inventories

[thousand tonnes]	31.12.2023	30.09.2024	31.12.2024	Change [%] 31.12.2024 / 30.09.2024	Change [%] 31.12.2024 / 30.09.2024
Coal inventories	371	36	159	341.7%	-57.1%

### Commercial coal production structure

[%]	Q4 2023	Q4 2024	2023	2024
Fine coal	99.4%	99.4%	99.0%	98.5%
Chestnut coal	0.1%	0.2%	0.6%	0.3%
Pea coal	0.5%	0.4%	0.4%	1.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The financial results generated by the Group in 2024 were affected by a lower coal sales price, which was to a major extent offset by higher sales. In addition, the financial results in the period under review were significantly affected by impairment losses on non-current assets in the total amount of PLN 2,437 million

### Coal production

(+) gross coal production in 2024 increased by 2.6%, i.e. by 309 thousand tonnes  
(+) in Q4 2024, commercial coal production increased by 1.2% compared to Q4 2023, amounting to 2,526 thousand tonnes  
(+) commercial coal production in 2024 was 7,896 thousand tonnes, 12.0% (+843 thousand tonnes) higher than in 2023.  
(+) yield amounted to 65.5% in 2024 vs. 60.1% in 2023.

### Coal sales

(+) in Q4 2024, coal sales increased by 12.2% vs Q4 2023 and amounted to 2,404 thousand tonnes  
(+) in 2024, sales of commercial coal amounted to 8,109 thousand tonnes, 21.0% more than in 2023

### Inventories

(+) at the end of 2024, coal inventory stood at 159 thousand tonnes, i.e. 212 thousand tonnes less than at the end of 2023.  
(+) the level of coal inventories presented at the end of 2024 corresponds approximately to six days of commercial coal production (based on 12-month average daily production)  
(+) inventory levels allow logistics processes to be handled safely in the event of any problems related to coal production.



## Sales revenues and main customers of the LW Bogdanka Group

### Changes in sales revenue on various items

[PLN thousand]	Q4 2023	Q4 2024	Change	Change %	2023	2024	Change	Change %
Sales of coal	1,226,274	1,039,417	-186,857	-15.2%	3,856,089	3,576,472	-279,617	-7.3%
Other operations	20,023	22,077	2,054	10.3%	70,188	72,013	1,825	2.6%
Sale of goods and materials	4,226	3,450	-776	-18.4%	13,011	16,571	3,560	27.4%
<b>Total</b>	<b>1,250,523</b>	<b>1,064,944</b>	<b>-185,579</b>	<b>-14.8%</b>	<b>3,939,288</b>	<b>3,665,056</b>	<b>-274,232</b>	<b>-7.0%</b>

### Structure of revenues

[%]	Q4 2023	Q4 2024	2023	2024
Sales of coal	98.1%	97.6%	97.9%	97.5%
Other operations	1.6%	2.1%	1.8%	2.0%
Sales of goods and materials	0.3%	0.3%	0.3%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Geographical structure of sales revenues

[PLN thousand]	Q4 2023	Structure	Q4 2024	Structure	2023	Structure	2024	Structure
Domestic sales	1,250,523	100.0%	1,043,263	98.0%	3,939,288	100.0%	3,616,602	98.7%
Foreign sales	0	0.0%	21,681	2.0%	0	0.0%	48,454	1.3%
<b>Total</b>	<b>1,250,523</b>	<b>100.0%</b>	<b>1,064,944</b>	<b>100.0%</b>	<b>3,939,288</b>	<b>100.0%</b>	<b>3,665,056</b>	<b>100.0%</b>

### Revenue from coal sales

(-) in Q4 2024, the Group earned PLN 1,039,417 thousand in revenues from sales of coal, down by PLN 186,857 thousand relative to the Q4 2023.

(-) in 2024, revenues from sales of coal amounted to PLN 3,576,472 thousand compared to PLN 3,856,089 thousand in the corresponding period of 2023, down by 7.3% y/y. The main source of the Group's sales revenue is the production and sales of steam coal by the Parent Company. This activity generates approximately 97-98% of LW Bogdanka Group's sales revenue in each of the comparative reporting periods.

### Revenue from other operations

In Q4 2024, revenue from other operations (which includes revenue from subsidiaries generated outside the Group) amounted to PLN 22,077 thousand (2.1% of total revenue), compared to PLN 20,023 thousand (1.6% of the revenue) in the corresponding period of 2023 (up by 10.3% y/y). Significant items in this group were as follows:

- revenues from coal transport services provided by the Parent Company to certain coal customers (transport fee)
- revenues of Łęczyńska Energetyka from the sale of heat to external entities
- revenues from industrial services provided to companies performing works commissioned by the Parent Company
- rental income from fixed assets.

In the entire 2024, revenue from other operations amounted to PLN 72,013 thousand compared to PLN 70,188 thousand in the previous year. The increase in revenue in this group is mainly attributable to higher revenues from transport fees and revenues of subsidiaries from services provided outside the LW Bogdanka Group.

The higher value of revenues from sales of goods and materials recorded at the end of 2024 results from higher sales of scrap, i.e. supports recovered from the liquidation of roadways which are not suitable for refurbishment and reuse.

### Geographical structure of sales revenues

In 2024, the Group focused its operations predominantly on the territory of Poland. In 2024, coal sales abroad took place both through an intermediary coal entity (Ukraine) and directly (Slovakia). There were no steam coal exports in the corresponding period of 2023.

### Main customers

In 2024, approximately 82% of the coal (by revenue) was sold by LW Bogdanka S.A. to Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec S.A. In the corresponding period of 2023, the share of the aforementioned customers was approx. 3 p.p. higher.

Major customers by share in revenue:

- Enea Wytwarzanie Sp. z o.o. - Grupa Enea S.A. - approx. 67% share in revenues
- Enea Elektrownia Połaniec S.A. - Grupa Enea S.A. - approx. 15% share in revenues.

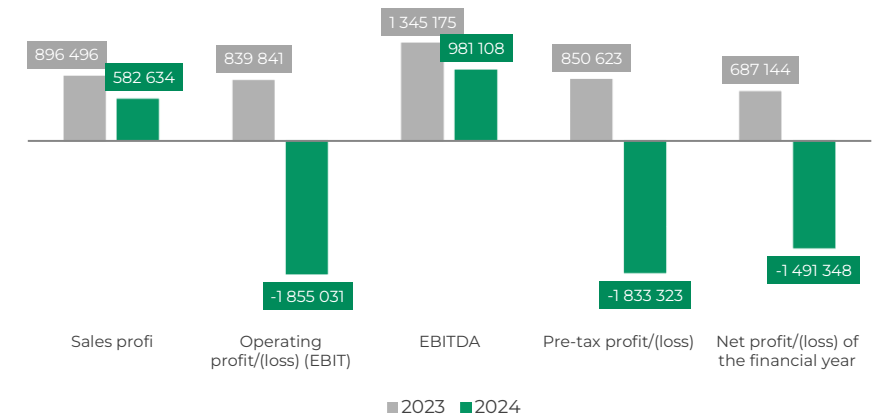
## Key financial results of the LW Bogdanka Group

### Analysis of the consolidated statement of profit or loss

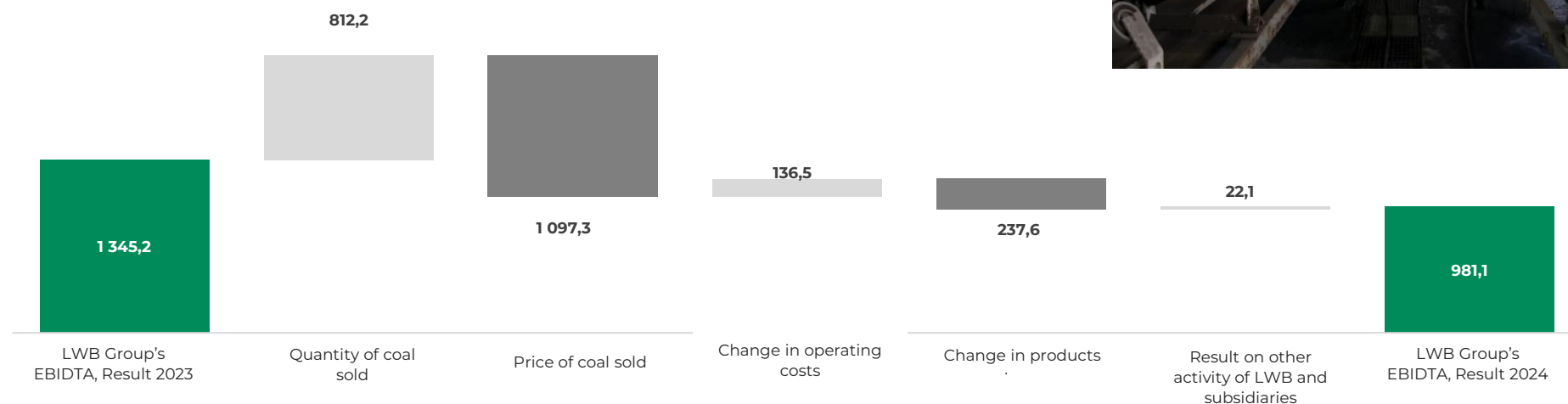
[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Sales revenue	1,250,523	1,064,944	-14.8%	3,939,288	3,665,056	-7.0%
Costs of products, goods and materials sold, selling and administrative expenses	728,325	709,561	-2.6%	3,042,792	3,082,422	1.3%
<b>Profit on sales</b>	<b>522,198</b>	<b>355,383</b>	<b>-31.9%</b>	<b>896,496</b>	<b>582,634</b>	<b>-35.0%</b>
Gross return on sales	41.8%	33.4%	-8.4 p.p	22.8%	15.9%	-6.9 p.p
Other revenues	890	719	-19.2%	3,548	5,425	52.9%
Other costs	329	2,275	591.5%	6,900	3,491	-49.4%
<b>Net operating profit</b>	<b>522,759</b>	<b>353,827</b>	<b>-32.3%</b>	<b>893,144</b>	<b>584,568</b>	<b>-34.5%</b>
Other net profits/(losses)	9,732	-836	-108.6%	-5,534	-2,307	-58.3%
Impairment of non-current assets	-1,624	-1,263,024	77672.4%	-47,769	-2,437,292	5002.2%
<b>Operating profit/(loss) (EBIT)</b>	<b>530,867</b>	<b>-910,033</b>	<b>-271.4%</b>	<b>839,841</b>	<b>-1,855,031</b>	<b>-320.9%</b>
EBIT margin	42.5%	-85.5%	-128.0 p.p	21.3%	-50.6%	-71.9 p.p
<b>EBITDA</b>	<b>671,755</b>	<b>441,799</b>	<b>-34.2%</b>	<b>1,345,175</b>	<b>981,108</b>	<b>-27.1%</b>
EBITDA margin	53.7%	41.5%	-12.2 p.p	34.1%	26.8%	-7.3 p.p
Financial income	9,069	12,147	33.9%	35,965	46,175	28.4%
Financial costs	6,491	5,441	-16.2%	25,183	24,467	-2.8%
<b>Pre-tax profit/(loss)</b>	<b>533,445</b>	<b>-903,327</b>	<b>-269.3%</b>	<b>850,623</b>	<b>-1,833,323</b>	<b>-315.5%</b>
Profit margin before tax	42.7%	-84.8%	-127.5 p.p	21.6%	-50.0%	-71.6 p.p
Income tax	-102,998	168,127	-263.2%	-163,479	341,975	-309.2%
<b>Net profit/(loss) of the financial year</b>	<b>430,447</b>	<b>-735,200</b>	<b>-270.8%</b>	<b>687,144</b>	<b>-1,491,348</b>	<b>-317.0%</b>
Net profitability	34.4%	-69.0%	-103.4 p.p	17.4%	-40.7%	-58.1 p.p



### Key financial results of the LW Bogdanka Group (thousand PLN)



## Key financial results of the LW Bogdanka Group - factors affecting the EBITDA result (PLN million)



- (+) Increase in quantitative coal sales - in 2024, sales of commercial coal amounted to 8,109 thousand tonnes, 21.0% more than in 2023
- (-) Lower price of coal sold - following falling prices on global and domestic markets, contract prices for coal sold by the Parent Company decreased.
- (+) Decline in production costs - lower consumption cost of materials and electricity and third-party services
- (-) Change in products - in 2024, coal inventories decreased by 212 thousand tonnes, which translated into an increase in costs of the period by PLN 95.1 million, while in 2023, there was an increase of 349 thousand tonnes in coal inventories with a value of PLN 142.5 million (coal production costs for inventory were capitalised)

## Key financial results GK LW Bogdanka

### Sales revenues

The value of sales revenues (comprising revenue from coal sales, revenue from other activities of the Parent Company and subsidiaries realised outside the Group and sales of goods and materials) in Q4 2024 decreased by 14.8% compared to the same period of the previous year and amounted to PLN 1,064,944 thousand. In the entire 2024, the Group generated revenues of PLN 3,665,056 thousand compared to PLN 3,939,288 thousand in 2023 (down by 7.0%).

### Costs of products, goods and materials sold, selling and administrative expenses

In Q4 2024, own costs of production sold, i.e. costs of products, goods and materials sold as well as selling and administrative costs amounted to PLN 709,561 thousand and were lower by PLN 18,764 thousand compared to the corresponding period of the previous year, when they stood at PLN 728,325 thousand.

In 2024, costs of products, goods and materials sold, including selling and administrative expenses, increased from PLN 3,042,792 thousand to PLN 3,082,422 thousand.

### Profit on sales

In Q4 2024, the Group generated profit on sales amounting to PLN 355,383 thousand, compared to PLN 522,198 thousand in the corresponding period of 2023.

In the entire 2024, the Group generated profit on sales in the amount of PLN 582,634 thousand compared to PLN 896,496 thousand in 2023.

### Other revenues

This item comprises, among others:

- compensations received
- reversal of other provisions for liabilities

- reversal of impairment losses
- excise tax refund

In Q4 2024, other revenues amounted to PLN 719 thousand, compared to PLN 890 thousand in the corresponding period of 2023.

Other revenues for 2024 amounted to PLN 5,425 thousand compared to PLN 3,548 thousand in the previous year.

The increase results mainly from a higher amount of reversed allowance for receivables.

### Other costs

This item comprises, among others:

- donations
- enforcement fees and penalties
- compensations paid.

In Q4 2024, other costs amounted to PLN 2,275 thousand, compared to PLN 329 thousand in the corresponding period of 2023.

Other costs for 2024 amounted to PLN 3,491 thousand, while at the end of 2023 they amounted to PLN 6,900 thousand. The decrease is mainly due to the lower value of donations made.

### Other net profits/(losses)

This item comprises, among others:

- profit on sale of fixed assets
- foreign exchange differences
- result on the liquidation of fixed assets
- creation of other provisions.

In Q4 2024, other net losses amounted to PLN -836 thousand, compared to the net profit of PLN 9,732 thousand in Q4 2023.

Other net losses in the entire 2024 amounted to PLN -2,307 thousand compared to the net loss of PLN -5,534 thousand for 2023.

In 2024, higher other provisions were created and assets with lower net value were liquidated, at higher net other losses

### Impairment losses

In the analysed period of 2024, as a result of asset impairment tests, a write-down of PLN 2,423,674 thousand was made (the total amount of write-downs related to non-current assets, including other write-downs, is PLN 2,437,292 thousand),

while the write-down for the entire 2023 amounted to PLN 47,769 thousand and related to machinery and equipment located in the damage area (the geological event area in wall 3/VII/385). A detailed description of the impairment test carried out at the end of 2024 can be found in in note 4.3 of the Consolidated Financial Statements for the financial year from 1 January to 31 December 2024.

### EBIT

The operating loss in Q4 2024 was PLN -910,033 thousand. At the same time, the EBIT margin amounted to -85.5%, i.e. 128 p.p. less than in Q4 of the previous year.

EBIT profitability for the entire 2024 was lower by 71.9 p.p. compared to the entire 2023 and amounted to -50.6%. For the entire 2024, EBIT amounted to PLN -1,855,031 thousand compared to PLN -839,841 thousand for 2023. The negative EBIT is the result of the impairment test performed at the end of 2024.

### EBITDA

In Q4 2024, EBITDA (i.e. EBIT plus depreciation, amortisation and impairment losses made during the year) decreased compared to Q4 2023 and amounted to PLN 441,799 thousand. The EBITDA margin in Q4 2024 was lower than in the corresponding period of 2023 and amounted to 29.8%. In the entire 2024, the Group achieved the EBITDA margin of 26.8%, i.e. 7.3 p.p. less than in 2023 (in the period under review, EBITDA decreased by 27.1%). In 2024, EBITDA amounted to PLN 981,108 thousand, compared to PLN 1,345,175 thousand in 2023.

### Financial income

In Q4 2024, financial income amounted to PLN 12,147 thousand, compared to PLN 9,069 thousand in Q4 2023. In the entire 2024, financial income amounted to PLN 46,175 thousand compared to PLN 35,965 thousand for 2023. The higher financial income in 2024 was primarily driven by higher interest income from bank deposits. The increase results from the higher level of cash held by the Group.

### Financial costs

Financial costs for Q4 2024 were 1,050 thousand lower than the costs of the corresponding period of 2023 and amounted to PLN 5,441 thousand. Financial costs for the entire 2024 amounted to PLN 24,467 thousand compared to PLN 25,183 thousand in the corresponding period of 2023. As at 31 December 2024, the Group had no interest-bearing debt, while as at 31 December 2023, total debt amounted to PLN 1,809 thousand.

### Pre-tax profit/(loss)

In Q4 2024, the Group recorded a pre-tax loss of PLN 903,327 thousand compared to the pre-tax profit of PLN 533,445 thousand in Q4 2023. The pre-tax loss for the entire 2024 amounted to PLN 1,833,323 thousand against the pre-tax profit of PLN 850,623 thousand in 2023.

### Net profit/(loss) for the period

In Q4 2024, the Group recorded the net loss of PLN 735,200 thousand, compared to the net profit of PLN 430,447 thousand in Q4 2023. The Group's net loss for 2024 amounted to PLN -1,491,348 thousand compared to the net profit of PLN 687,144 thousand in the corresponding period of the previous financial year.

### Consolidated financial results of the LW Bogdanka Group for 2024 adjusted by the impact of material non-recurring events, i.e. write-downs resulting from impairment tests:

- Net sales revenue: PLN 3,665.1 million
- EBITDA: PLN 981.1 million
- EBIT: PLN 568.6 million
- Net profit: PLN 471.8 million

## Balance sheet of LW Bogdanka Group

### Balance sheet

[PLN thousand]	31.12.2023	31.12.2024	Change
Total assets	5,762,168	3,904,460	-32.2%
Return on assets (ROA)*	13.0%	-30.9%	-43.9 p.p.
Non-current assets	4,101,959	2,231,970	-45.6%
Current Assets	1,660,209	1,672,490	0.7%
Equity	4,304,041	2,706,495	-37.1%
Return on equity (ROE)*	17.2%	-42.5%	-59.7 p.p.
Provisions and liabilities	1,458,127	1,197,965	-17.8%

\* the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 December 2024 + as at 31 December 2023)/2.

### Assets

Total assets as at 31 December 2024 in relation to the value as at 31 December 2023 decreased by PLN 1,857,708 thousand and amounted to PLN 3,904,460 thousand, while fixed assets decreased by PLN 1,869,989 thousand and current assets increased by PLN 12,281 thousand. Among the non-current assets, the most significant change is a decrease in property, plant and equipment by (PLN -1,992,221 thousand) and in intangible assets by (PLN -39,881 thousand). The decline in the value of non-current assets is a result of write-downs due to impairment loss.

Among current assets, mainly inventories decreased (PLN -99,486 thousand), while cash and cash equivalents increased (PLN +118,967 thousand).

As at 31 December 2024, the return on assets (ROA) was -30.9%, compared to 13.0% at the end of 2023. The negative value of the ratio results from the write-downs in the Group's results.

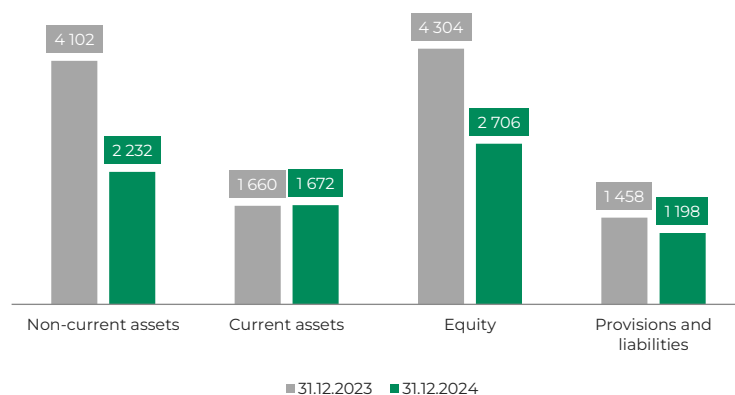
### Equity and liabilities

Equity decreased by 37.1%. This is mainly the result of recognising the total net income for 2024 and the dividend paid.

Provisions and liabilities decreased by 17.8% compared to the value as at 31 December 2023, with current liabilities decreasing by 3.5% (mainly a decrease in trade and other payables and current income tax liabilities, while employee benefit provisions increased) and non-current liabilities decreasing by 32.2% (mainly due to a decrease in deferred tax liabilities, while the provisions for employee benefits increased).

As at 31 December 2024, return on equity decreased by 59.7 p.p. compared to the end of 2023. The value of the ratio as at 31 December 2024 was -42.5%, compared to 17.2% as at 31 December 2023. The negative value of the ratio results from the write-downs in the Group's results.

### Analysis of the consolidated statement of financial position (PLN million)





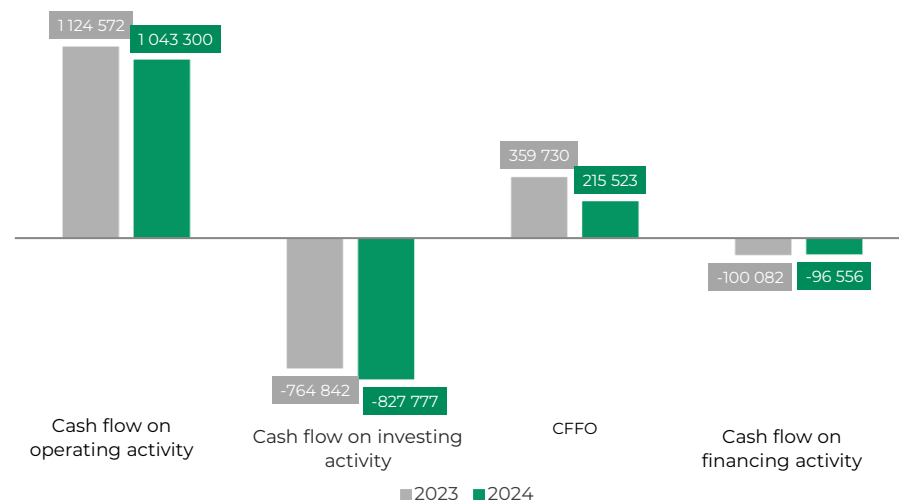
## Cash flows of the LW Bogdanka Group

### Cash position

[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Cash flows from operating activities	376,528	291,556	-22.6%	1,124,572	1,043,300	-7.2%
Cash flows from investing activities	-242,868	-236,161	-2.8%	-764,842	-827,777	8.2%
<b>CFFO*</b>	<b>133,660</b>	<b>55,395</b>	<b>-58.6%</b>	<b>359,730</b>	<b>215,523</b>	<b>-40.1%</b>
Cash flow from financing activities	-2,960	-2,104	-28.9%	-100,082	-96,556	-3.5%

\*total operating and investment flows

Cash flow analysis (PLN thousand)



### Cash position

#### Cash flows from operating activities

In Q4 2024, the Group generated 22.6% lower net cash flows from operating activities than in Q4 2023 - in Q4 2024, they amounted to PLN 291,556 thousand compared to PLN 376,528 thousand a year earlier.

In the entire 2024, the LW Bogdanka Group generated cash flows of PLN 1,043,300 thousand from operating activities (-7.2% y/y). The recorded decline is primarily the result of lower cash receipts accompanied by higher income tax paid.

#### Cash flows from investing activities

In Q4 2024, cash flows from investing activities decreased (in absolute terms) by 2.8% (to PLN 236,161 thousand) compared to the same period in 2023.

In the entire 2024, investment flows were higher (in absolute terms) by 8.2% than the value for the entire 2023 and amounted to PLN -827,777 thousand.

The increase in 2024 is primarily due to higher expenditure on the acquisition of property, plant and equipment.

### Cash flows from financing activities

In Q4 2024, the Group recorded negative cash flows from financing activities in the amount of PLN -2,104 thousand. In the entire 2024, the Group recorded negative cash flows from financing activities in the amount of PLN -96,556 thousand. The prevailing item was the dividend paid to the company's shareholders.

## Debt and liquidity ratios

### GK LW Bogdanka

When discussing consolidated results, the Group presents selected APM indicators as it believes they provide valuable additional information (besides the data presented in the financial statements) about the financial and operational situation, as well as facilitate the analysis and evaluation of the Group's financial performance over individual reporting periods. The Group presents these specific alternative performance measurements because they represent standard measures and indicators commonly used in financial analysis. The selection of alternative performance measures was preceded by an analysis of their usefulness in terms of providing investors with useful information on financial position, cash flows and financial efficiency and, in the Group's opinion, allows for an optimal assessment of financial results recorded.

#### Cash position

[PLN thousand]

	31.12.2023	31.12.2024	Change
Total debt ratio	25.3%	30.7%	5.4 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.20	0.35	75.0%
Net debt/EBITDA ratio*	-0.54	-0.87	61.1%
Debt to equity ratio	33.9%	44.3%	10.4 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	118.5%	135.6%	17.1 p.p.
Short-term debt ratio (current liabilities/liabilities)	12.7%	18.0%	5.3 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	12.6%	12.6%	0 p.p.

\*Debt = non-current liabilities under bonds issued + non-current loans and borrowings + current loans and borrowings

	31.12.2023	31.12.2024	Change
Current liquidity ratio	2.33	2.44	4.7%
Quick liquidity ratio	1.86	2.10	12.9%

In the period covered by the consolidated financial statements, the Group's liquidity ratios remained at a high, safe level - the Group has no difficulties in settlement of its liabilities.

#### Total debt ratio

Total debt ratio as at 31 December 2024 increased by 5.4 p.p. compared to the status as at 31 December 2023 and amounted to 30.7%.

In the period under analysis, there was a decrease in the value of liabilities with a simultaneous significant decrease in the total assets (a decrease in equity due to the write-down).

As at 31 December 2024, the Group's level of debt did not pose a threat to its operations and its ability to meet its obligations in a timely manner.

Based on medium- and long-term projections, the Group's financing needs are analysed to ensure liquidity and cash balances at an appropriate level.

#### Debt plus employee liabilities/EBITDA

The indicator describing the ratio of debt to EBITDA at the end of 2024 increased by 75.0% and stood at 0.35. Comparing the data as at 31 December 2024 against 31 December 2023, there was a decrease in EBITDA (calculated on a rolling basis for the last four quarters) with higher levels of debt and employee liabilities.

#### Net debt/EBITDA ratio

The indicator describing the ratio of net debt (total interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.54 as at 31 December 2023 to -0.87 as at 31 December 2024. Net debt increased by approx. 121 million and amounted to PLN -854 million with a decline in EBITDA by approx. PLN 364 million (EBITDA calculated on a rolling basis for the last four quarters) to the level of PLN 981 million.

#### Debt to equity ratio

The debt to equity ratio as at 31 December 2024 increased by 10.4 p.p. compared to the status as at 31 December 2023 and amounted to 44.3% - liabilities decreased by approximately PLN 260 million and equity fell by approximately PLN 1,598 million.

#### Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 135.6% (as at 31 December 2024) against 118.5% (as at 31 December 2023) - during the period under analysis, the value of non-current assets decreased by approximately PLN 1,870 million, as well as the value of fixed capital (the sum of equity and non-current liabilities excluding provisions) fell by approximately PLN 1,836 million.

## Turnover of receivables and liabilities in the LW Bogdanka Group

### Turnover ratios

[PLN thousand]

			31.12.2023	31.12.2024	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	35	37	5.7%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	37	58	56.8%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	66	79	19.7%
4. Operating cycle	1+2		72	95	31.9%
5. Cash conversion cycle	4 - 3		6	16	166.7%

\* Trade and other receivables

\*\* Trade and other liabilities

### Inventory turnover ratio

The inventory turnover ratio as at 31 December 2024 increased by 2 days compared to 31 December 2023 and amounts to 37 days. On average, it takes 2 days longer to liquidate inventory. In the analysed period, the average level of inventories increased by approx. PLN 21 million, while costs increased by PLN 41 million.

### Operating cycle

The operating cycle of current assets (the sum of inventory and trade receivables turnover ratios) increased to 95 days in the period under review. On average, the Group's current assets are liquidated after 95 days.

### Cash conversion cycle

The result of the changes described above was to achieve a cash conversion cycle of 16 days as at 31 December 2024. A positive value of the ratio means that the Group does not use trade credit

### Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 58 days (as at 31 December 2024) compared to 37 days (as at 31 December 2023). The average balance of receivables increased by approx. PLN 189 million, with a decrease in revenue of approx. PLN 274 million.

### Liabilities turnover ratio

The liabilities turnover ratio (calculated on the basis of the balance sheet item "Trade and other liabilities") was extended by 13 days to 79 days in the period covered by the financial information, compared to the value as at the end of 2023. In the period under review, the Group recorded a higher average level of short-term trade liabilities as well as a higher level of costs.

## LW Bogdanka Group's provisions

### Balance sheet provisions

[PLN thousand]	As at 31/12/2023	As at 31/12/2024	Change 31.12.2024/ 31.12.2023
Employee provisions	270,719	345,620	27.7%
Provision for mine decommissioning and land reclamation costs	169,102	173,450	2.6%
Mining damage	7,352	10,768	46.5%
Other	9,571	8,383	-12.4%
<b>Total</b>	<b>456,744</b>	<b>538,221</b>	<b>17.8%</b>

### Change in provisions

[PLN thousand]	Change Q4 2023	Change Q4 2023	Change Q4 2024/ Q4 2023	Change in 2023	Change in 2024	Change 2024/ 2023
Employee provisions	-91,559	-17,703	-80.7%	40,906	74,901	83.1%
Provision for mine decommissioning and land reclamation costs	15,932	5,897	-63.0%	13,650	4,348	-68.1%
Mining damage	5,317	4,945	-7.0%	508	3,416	572.4%
Other	-10,973	199	-	3,669	-1,188	-
<b>Total</b>	<b>-81,283</b>	<b>-6,662</b>	<b>-91.8%</b>	<b>58,733</b>	<b>81,477</b>	<b>38.7%</b>

### Location of the impact of the change in provisions in the consolidated financial statements

[PLN thousand]	Change in provisions in 2024	Change recognised in operating activities (EBITDA)	Including:			Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
			Change recognised below operating profit - interest	Change recognised only in the balance sheet - increase in the carrying amount of fixed assets			
Employee provisions	74,901	82,398	11,052	-		25,967	-44,516
Provision for mine decommissioning and land reclamation costs	4,348	2,102	8,962	-6,716		-	-
Mining damage	3,416	6,935	-	-		-	-3,519
Other	-1,188	2,702	-	-		-	-3,890
<b>Total</b>	<b>81,477</b>	<b>94,137</b>	<b>20,014</b>	<b>-6,716</b>		<b>25,967</b>	<b>-51,925</b>

### Location of the impact of the change in provisions in the financial statements

[PLN thousand]	Change in provisions in Q4 2024	Change recognised in operating activities (EBITDA)	Including:			Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
			Change recognised below operating profit - interest	Change recognised only in the balance sheet - increase in the carrying amount of fixed assets			
Employee provisions	-17,703	-21,920	2,170	-		4,959	-2,912
Provision for mine decommissioning and land reclamation costs	5,897	1,038	2,862	1,997		-	-
Mining damage	4,945	6,935	-	-		-	-1,990
Other	199	223	-	-		-	-24
<b>Total</b>	<b>-6,662</b>	<b>-13,724</b>	<b>5,032</b>	<b>1,997</b>		<b>4,959</b>	<b>-4,926</b>

## Sales revenues and main customers of LW Bogdanka S.A.

### Changes in sales revenue on various items

[PLN thousand]	Q4 2023	Q4 2024	Change	Change %	2023	2024	Change	Change %
Sales of coal	1,232,769	1,045,043	-187,726	-15.2%	3,874,226	3,589,105	-285,121	-7.4%
Other operations	13,113	15,406	2,293	17.5%	51,489	54,109	2,620	5.1%
Sale of goods and materials	4,224	3,431	-793	-18.8%	12,940	16,514	3,574	27.6%
<b>Total</b>	<b>1,250,106</b>	<b>1,063,880</b>	<b>-186,226</b>	<b>-14.9%</b>	<b>3,938,655</b>	<b>3,659,728</b>	<b>-278,927</b>	<b>-7.1%</b>

### Structure of revenues

[%]	Q4 2023	Q4 2024	2023	2024
Sales of coal	98.7%	98.2%	98.4%	98.0%
Other operations	1.0%	1.5%	1.3%	1.5%
Sales of goods and materials	0.3%	0.3%	0.3%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Geographical structure of sales revenues

[PLN thousand]	Q4 2023	Structure	Q4 2024	Structure	2023	Structure	2024	Structure
Domestic sales	1,250,106	100.0%	1,042,199	98.0%	3,938,655	100.0%	3,611,274	98.7%
Foreign sales	0	0.0%	21,681	2.0%	0	0.0%	48,454	1.3%
<b>Total</b>	<b>1,250,106</b>	<b>100.0%</b>	<b>1,063,880</b>	<b>100.0%</b>	<b>3,938,655</b>	<b>100.0%</b>	<b>3,659,728</b>	<b>100.0%</b>

### Revenue from coal sales

(-) in Q4 2024, the Company earned PLN 1,045,043 thousand in revenues from sales of coal, down by PLN 187,726 thousand compared to the Q4 2023.

(-) in 2024, revenues from sales of coal amounted to PLN 3,589,105 thousand compared to PLN 3,874,226 thousand in the corresponding period of 2023, down by 7.4% y/y. The main source of sales revenue for LW Bogdanka S.A. is the production and sales of steam coal. This activity generates approx. 98% of LW Bogdanka S.A.'s sales revenue recorded in each of the comparative reporting periods.

### Revenue from other operations

In Q4 2024, revenue from other operations amounted to PLN 15,406 thousand (1.4% of total revenue), compared to PLN 13,113 thousand (1.0% of the revenue) in the corresponding period of 2023 (up by 17.5% y/y). Significant items in this group were as follows:

- revenues from coal transport services provided by LW Bogdanka to certain coal customers (transport fee)
- revenues from industrial services provided to companies performing works commissioned by the Company
- rental income from fixed assets.

In the entire 2024, revenue from other operations amounted to PLN 54,109 thousand compared to PLN 51,489 thousand in the previous year. Higher revenues from transport fee are mainly responsible for the increase in revenue in this group.

The higher value of revenues from sales of goods and materials recorded at the end of 2024 results from higher sales of scrap, i.e. supports recovered from the liquidation of roadways which are not suitable for refurbishment and reuse.

### Geographical structure of sales revenues

In 2024, the Company focused its operations predominantly on the territory of Poland. In 2024, coal sales abroad took place both through an intermediary coal entity (Ukraine) and directly (Slovakia). There were no steam coal exports in the corresponding period of 2023.

### Main customers

In 2024, approximately 82% of the coal (by revenue) was sold by LW Bogdanka S.A. to Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec S.A. In the corresponding period of 2023, the share of the aforementioned customers was approx. 3 p.p. higher.

Major customers by share in revenue:

- Enea Wytwarzanie Sp. z o.o. - Grupa Enea S.A. - approx. 67% share in revenues
- Enea Elektrownia Połaniec S.A. - Grupa Enea S.A. - approx. 15% share in revenues



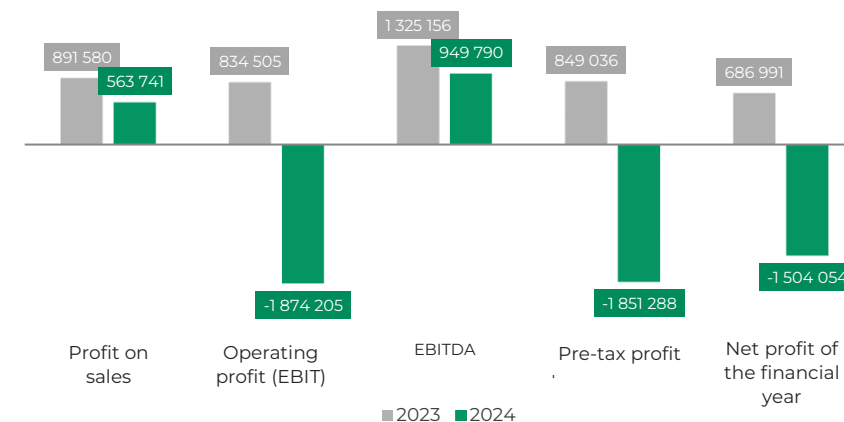
## Key financial results of LW Bogdanka S.A.

### Analysis of the result report

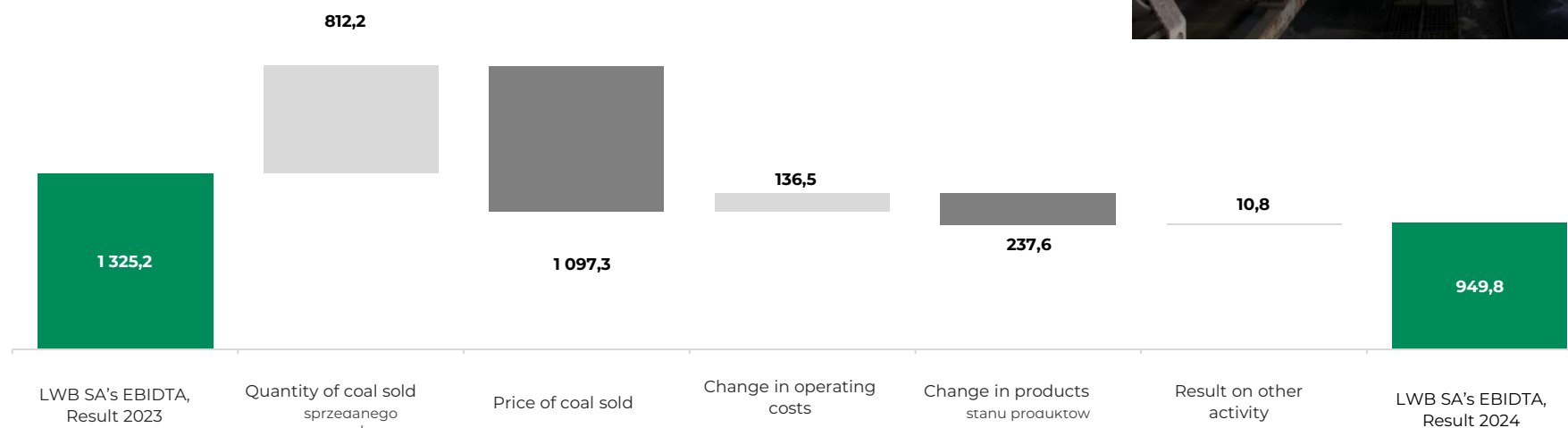
[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Sales revenue	1,250,106	1,063,880	-14.9%	3,938,655	3,659,728	-7.1%
Costs of products, goods and materials sold, selling and administrative expenses	727,612	717,677	-1.4%	3,047,075	3,095,987	1.6%
Profit (loss) on sales	522,494	346,203	-33.7%	891,580	563,741	-36.8%
Gross return on sales	41.8%	32.5%	-9.3 p.p	22.6%	15.4%	-7.2 p.p
Other revenues	694	462	-33.4%	3,100	4,996	61.2%
Other costs	329	2,209	571.4%	6,886	3,367	-51.1%
Net operating profit	522,859	344,456	-34.1%	887,794	565,370	-36.3%
Other net profits/(losses)	9,732	-831	-108.5%	-5,520	-2,283	-58.6%
Impairment of non-current assets	-1,624	-1,263,024	77672.4%	-47,769	-2,437,292	5002.2%
Operating profit/(loss) (EBIT)	530,967	-919,399	-273.2%	834,505	-1,874,205	-324.6%
EBIT margin	42.5%	-86.4%	-128.9 p.p	21.2%	-51.2%	-72.4 p.p
EBITDA	669,074	430,779	-35.6%	1,325,156	949,790	-28.3%
EBITDA margin	53.5%	40.5%	-13 p.p	33.6%	26.0%	-7.6 p.p
Financial income	8,896	11,801	32.7%	38,766	46,782	20.7%
Financial costs	6,158	5,181	-15.9%	24,235	23,865	-1.5%
Pre-tax profit/(loss)	533,705	-912,779	-271.0%	849,036	-1,851,288	-318.0%
Profit margin before tax	42.7%	-85.8%	-128.5 p.p	21.6%	-50.6%	-72.2 p.p
Income tax	-103,037	170,638	-265.6%	-162,045	347,234	-314.3%
Net profit/(loss) of the financial year	430,668	-742,141	-272.3%	686,991	-1,504,054	-318.9%
Net profitability	34.5%	-69.8%	-104.3 p.p	17.4%	-41.1%	-58.5 p.p



Key financial results of LW Bogdanka S.A. (PLN thousand)



## Key financial results of LW Bogdanka S.A. - factors affecting the EBITDA result (PLN million) 📊



- (+) Increase in quantitative coal sales - in 2024, sales of commercial coal amounted to 8,109 thousand tonnes, i.e. 21.0% more than in 2023.
- (-) Lower price of coal sold - following falling prices on global and domestic markets, contract prices of coal sold by the Company decreased.
- (+) Decline in production costs - lower consumption cost of materials and electricity and third-party services
- (-) Change in products - in 2024, coal inventories decreased by 212 thousand tonnes, which translated into an increase in costs of the period by PLN 95.1 million, while in 2023, there was an increase of 349 thousand tonnes in coal inventories with a value of PLN 142.5 million (coal production costs for inventory were capitalised)

## Key financial results of LW Bogdanka S.A.

### Sales revenues

The value of sales revenue (comprising revenue from coal sales, revenue from other operations and sales of goods and materials) in Q4 2024 decreased by PLN 186,226 thousand compared to the same period of the previous year and amounted to PLN 1,063,880 thousand. In the entire 2024, the Company generated revenues of PLN 3,659,728 thousand compared to PLN 3,938,655 thousand in the corresponding period of 2023 (a decline of 7.1%).

### Costs of products, goods and materials sold, selling and administrative expenses

In Q4 2024, own costs of production sold, i.e. costs of products, goods and materials sold as well as selling and administrative costs amounted to PLN 717,677 thousand and were lower by PLN 9,935 thousand (-1.4%) compared to the corresponding period of the previous year, when they stood at PLN 727,612 thousand.

In 2024, costs of products, goods and materials sold, including selling and administrative costs, stood at PLN 3,095,987 thousand, up by 1.6% compared to 2023 (PLN 3,047,075 thousand).

### Profit on sales

In Q4 2024, the Company generated profit on sales amounting to PLN 346,203 thousand, compared to PLN 522,494 thousand in the corresponding period of 2023. In the entire 2024, the Company generated profit on sales in the amount of PLN 563,741 thousand compared to PLN 891,580 thousand in 2023.

### Other revenues

This item comprises, among others:

- compensations received
- reversal of other provisions for liabilities
- reversal of impairment losses
- excise tax refund

In Q4 2024, other revenues amounted to PLN 462 thousand, compared to PLN 694 thousand in the previous year.

In 2024, revenue from other operations amounted to PLN 4,996 thousand compared to PLN 3,100 thousand in the previous year. The increase results mainly from a higher amount of reversed allowance for receivables.

### Other costs

This item comprises, among others:

- donations
- enforcement fees and penalties
- compensations paid.

In Q4 2024, other costs amounted to PLN 2,209 thousand, compared to PLN 329 thousand in the corresponding period of 2023.

In 2024, other costs amounted to PLN 3,367 thousand, compared to PLN 6,886 thousand in 2023.

### Other net profits/(losses)

This item comprises, among others:

- profit on sale of fixed assets
- foreign exchange differences
- result on the liquidation of fixed assets
- creation of other provisions.

In Q4 2024, other net losses amounted to PLN 831 thousand, compared to the net profit of PLN 9,732 thousand in Q3 2023.

The remaining net losses in the entire 2024 amounted to PLN 2,283 thousand compared to PLN 5,520 thousand in 2023.

In 2024, higher other provisions were created and assets of lower net value were liquidated, with higher net other losses.

### Impairment losses

In the analysed period of 2024, as a result of asset impairment tests, a write-down of PLN 2,423,674 thousand was made (the total amount of write-downs related to non-current assets, including other write-downs, is PLN 2,437,292 thousand), while the write-down for the entire 2023 amounted to PLN 47,769 thousand and related to machinery and equipment located in the damage area (the geological event area in wall 3/III/385). A detailed description of the

impairment test carried out at the end of 2024 can be found in note 4.3 of the Financial Statements of the Company for the financial year from 1 January to 31 December 2024.

### EBIT

The operating result in Q4 2024 amounted to PLN -919,399 thousand. EBIT profitability in Q4 2024 amounted to -86.4%.

EBIT profitability for the entire 2024 was lower by 72.4 p.p. compared to the entire 2023 and amounted to -51.2%.

The EBIT operating result for the entire 2024 amounted to PLN -1,874,205 thousand compared to PLN 834,505 thousand for 2023.

The negative EBIT is the result of an impairment test at the end of 2024.

### EBITDA

The EBITDA result (i.e. the operating result EBIT increased by depreciation and amortisation and write-downs on non-current assets made during the year) in Q4 2024 amounted to PLN 430,779 thousand and decreased by PLN 238,295 thousand compared to Q4 2023. The EBITDA margin in Q4 2024 was 40.5%.

In the entire 2024, the Company recorded an EBITDA margin of 26.0%, i.e. 7.6 p.p. less than in 2023 (the EBITDA decreased in the period under review by PLN 375,366 thousand). The EBITDA result for 2024 amounted to PLN 949,790 thousand, compared to PLN 1,325,156 thousand in 2023.

### Financial income

Financial income in Q4 2024 amounted to PLN 11,801 thousand and was higher than in Q4 2023, when it amounted to PLN 8,896 thousand. In the entire 2024, financial income amounted to PLN 46,782 thousand compared to PLN 38,766 thousand in 2023.

The higher financial income in 2024 is primarily driven by higher interest income from bank deposits. The increase results from the higher level of cash held by the Company.

### Financial costs

Financial costs for Q4 2024 were 977 thousand lower than the costs of the corresponding period of 2023 and amounted to PLN 5,181 thousand.

Financial costs for the entire 2024 amounted to PLN 23,865 thousand compared to PLN 24,235 thousand in 2023.

As at 31 December 2024, the Company had no interest-bearing debt.

### Pre-tax profit/(loss)

In Q4 2024, the Company recorded a pre-tax loss of PLN 912,779 thousand compared to the pre-tax profit of PLN 533,705 thousand in Q4 2023.

The pre-tax loss for the entire 2024 amounted to PLN 1,851,288 thousand against the pre-tax profit of PLN 849,036 thousand in 2023.

### Net profit/(loss) for the period

In Q4 2024, the Company recorded the net loss of PLN 742,141 thousand, compared to PLN 430,668 thousand in Q4 2023.

The Company's net loss for 2024 amounted to PLN 1,504,054 thousand compared to the net profit of PLN 686,991 thousand in the previous year.

### Financial results of LW Bogdanka S.A. for 2024 adjusted by the impact of material non-recurring events, i.e. write-downs resulting from impairment tests:

- Net sales revenue: PLN 3,659,7 million
- EBITDA: PLN 949.8 million
- EBIT: PLN 549.5 million
- Net profit: PLN 459.1 million

## Balance sheet of LW Bogdanka S.A.

### Balance sheet

[PLN thousand]	31.12.2023	31.12.2024	Change
Total assets	5,719,703	3,853,172	-32.6%
Return on assets (ROA)*	13.1%	-31.4%	-44.5 p.p.
Non-current assets	4,091,155	2,234,452	-45.4%
Current Assets	1,628,548	1,618,720	-0.6%
Equity	4,283,487	2,673,636	-37.6%
Return on equity (ROE)*	17.2%	-43.2%	-60.4 p.p.
Provisions and liabilities	1,436,216	1,179,536	-17.9%

\*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 December 2024 + as at 31 December 2023)/2.

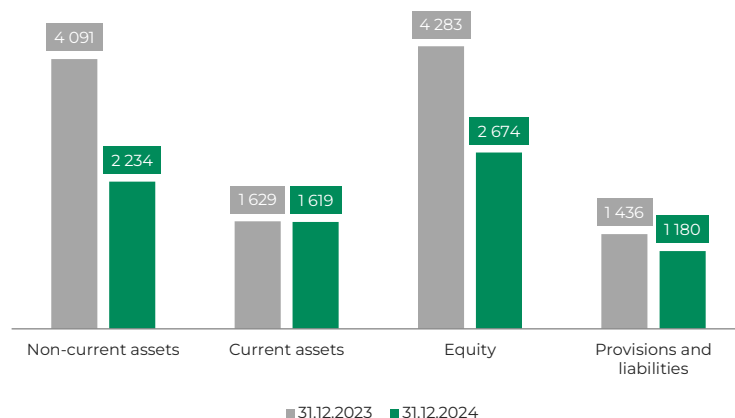
### Assets

Total assets as at 31 December 2024 decreased to PLN 3,853,172 thousand (down by PLN 1,866,531 thousand) compared to the value as at 31 December 2023, with non-current assets decreasing by PLN 1,856,703 thousand and current assets by PLN 9,828 thousand. Among the non-current assets, the most significant change is a decrease in property, plant and equipment by (PLN -1,985,423 thousand) and in intangible assets by (PLN -36,294 thousand). The decline in the value of non-current assets is a result of write-downs due to impairment loss. Among current assets, mainly inventories decreased (PLN -100,762 thousand), while cash and cash equivalents increased (PLN +99,214 thousand). As at 31 December 2024, the return on assets (ROA) was -31.4%, compared to 13.1% at the end of 2023. The negative value of the ratio results from the write-downs in the Company's results.

### Equity and liabilities

Equity fell by PLN 1,609,851 thousand. This is mainly the result of recognising the total net income for 2024 and the dividend paid. Provisions and liabilities decreased by 17.9% compared to 31 December 2023, with current liabilities decreasing by 3.0% (mainly trade liabilities and other liabilities as well as current income tax liabilities) and long-term liabilities fell by 32.6% (mainly due to a decrease in deferred income tax liabilities, with a simultaneous increase in liabilities for employee benefits). As at 31 December 2024, return on equity decreased by 60.4 p.p. compared to the end of 2023. The value of the ratio as at 31 December 2024 was -43.2%, compared to 17.2% as at 31 December 2023. The negative value of the ratio results from the write-downs in the Company's results.

### Analysis of the separate statement of financial position (PLN million)



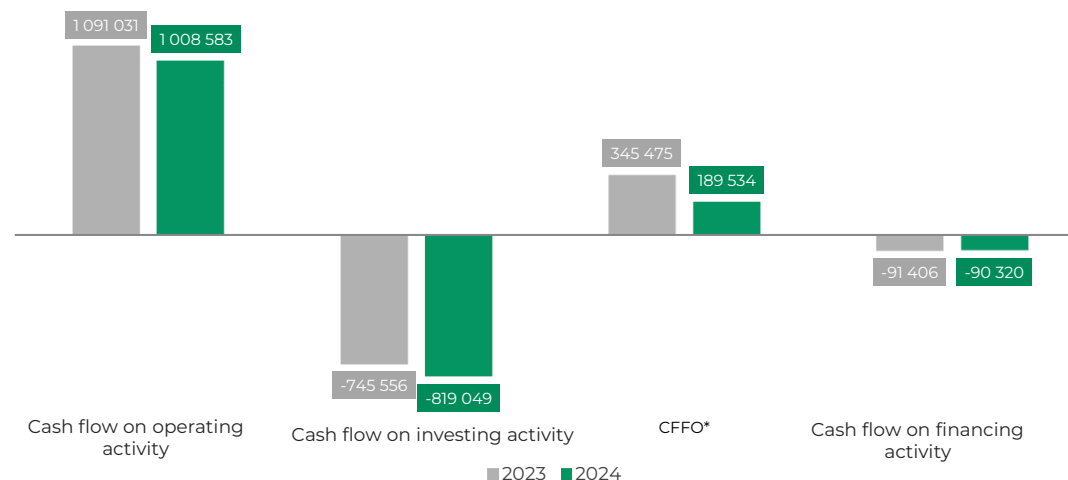
## Cash flows of LW Bogdanka S.A.

### Cash position

[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Cash flows from operating activities	373,317	285,212	-23.6%	1,091,031	1,008,583	-7.6%
Cash flows from investing activities	-238,879	-237,142	-0.7%	-745,556	-819,049	9.9%
<b>CFFO*</b>	<b>134,438</b>	<b>48,070</b>	<b>-64.2%</b>	<b>345,475</b>	<b>189,534</b>	<b>-45.1%</b>
Cash flow from financing activities	-1,092	-1,263	15.7%	-91,406	-90,320	-1.2%

\*total operating and investment flows

### Cash flow analysis (PLN thousand)



### Cash position

#### Cash flows from operating activities

In Q4 2024, the Company generated PLN 88,105 thousand lower net cash flows from operating activities than in Q4 2023. In Q4 2024, they amounted to PLN 285,212 thousand compared to PLN 373,317 in Q4 2023. In the entire 2024, the Company generated cash flows of PLN 1,008,583 thousand from operating activities (-7.6% y/y).

#### Cash flows from investing activities

Cash flows from investing activities in Q4 2024 decreased (in absolute terms) by 0.7% (to PLN 237,142 thousand) compared to the corresponding period of 2023. Cumulatively for the 12 months of 2024, investment flows were 9.9% higher than the value of cash flows in the corresponding period of the previous year. These mainly involved expenditure on the acquisition of property, plant and equipment.

### Cash flows from financing activities

In Q4 2024, the Company recorded negative cash flows from financing activities in the amount of PLN 1,263 thousand, up by 15.7%. In the entire 2024, the Company recorded negative cash flows from financing activities in the amount of PLN 90,320 thousand. The prevailing item was the dividend paid to the company's shareholders.



## Debt and liquidity ratios LW Bogdanka S.A.

The Company presents selected APM ratios when discussing separate results, as it believes that they provide additional valuable information (in addition to the data presented in the financial statements) about the financial and operational situation, as well as facilitate the analysis and assessment of the Company's financial results over individual reporting periods. The Company presents these specific alternative performance measurements because they represent standard measures and indicators commonly used in financial analysis. The selection of alternative performance measures was preceded by an analysis of their usefulness in terms of providing investors with useful information on financial position, cash flows and financial efficiency and, in the Company's opinion, allows for an optimal assessment of financial results recorded.

### Cash position

[PLN thousand]	31.12.2023	31.12.2024	Change
Total debt ratio	25.1%	30.6%	5.5 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.20	0.35	75.0%
Net debt/EBITDA ratio*	-0.53	-0.85	60.4%
Debt to equity ratio	33.5%	44.1%	10.6 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	118.2%	133.6%	15.4 p.p.
Short-term debt ratio (current liabilities/liabilities)	12.5%	18.0%	5.5 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	12.6%	12.6%	0.0 p.p.

\*Debt = non-current liabilities under bonds issued + non-current loans and borrowings + current loans and borrowings

	31.12.2023	31.12.2024	Change
Current liquidity ratio	2.33	2.39	2.6%
Quick liquidity ratio	1.85	2.05	10.8%

In the period covered by the consolidated financial statements, the Company's liquidity ratios remained at a high, safe level - the Company has no difficulties in settlement of its liabilities.

### Total debt ratio

The overall debt ratio as at 31 December 2024 increased by 5.5 p.p. compared to the status as at 31 December 2023 and amounted to 30.6%. In the period under analysis, there was a decrease in the value of liabilities with a simultaneous significant decrease in the total assets (a decrease in equity due to the write-down). As at 31 December 2024, the Company's level of debt did not pose a threat to its operations and its ability to meet its obligations in a timely manner. Based on medium- and long-term projections, the Company's financing needs are analysed to ensure liquidity and cash balances at an adequate level.

### Debt plus employee liabilities/EBITDA

The indicator describing the ratio of debt to EBITDA at the end of 2024 increased by 75.0% and stood at 0.35. Comparing the data as at 31 December 2024 against 31 December 2023, there was a decrease in EBITDA (calculated on a rolling basis for the last four quarters) with higher levels of debt and employee liabilities.

### Net debt/EBITDA ratio

The indicator describing the ratio of net debt (total interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.53 as at 31 December 2023 to -0.85 as at 31 December 2024. Net debt decreased by approx. 99 million and amounted to PLN - 808 million with a decline in EBITDA by approx. PLN 375 million (EBITDA calculated on a rolling basis for the last four quarters).

### Debt to equity ratio

The debt to equity ratio as at 31 December 2024 increased compared to 31 December 2023 by 10.6 p.p. and amounted to 44.1% - liabilities decreased by approximately PLN 257 million and shareholders' equity by approximately PLN 1,610 million.

### Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 133.6% (as at 31 December 2024) against 118.2% (as at 31 December 2023) - during the period under analysis, the value of non-current assets decreased (by approx. PLN 1,857 million), as well as the value of fixed capital (the sum of equity and non-current liabilities excluding provisions) fell by approximately PLN 1,849 million.

## Turnover ratios of receivables and liabilities at LW Bogdanka S.A.

### Turnover ratios

[PLN thousand]

			31.12.2023	31.12.2024	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	34	36	5.9%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	37	59	59.5%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	65	79	21.5%
4. Operating cycle	1+2		71	95	33.8%
5. Cash conversion cycle	4 - 3		6	16	166.7%

\* Trade and other receivables

\*\* Trade and other liabilities

### Inventory turnover ratio

The inventory turnover ratio as at 31 December 2024 increased by 2 days compared to 31 December 2023 and amounts to 36 days. On average, it takes 2 days longer to liquidate inventory. In the analysed period, the average level of inventories increased by approx. PLN 20 million, while costs increased by PLN 50 million.

### Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 59 days (as at 31 December 2024) compared to 37 days in the previous year. The average balance of receivables increased by approx. PLN 189 million, with a decrease in revenue of approx. PLN 279 million.

### Liabilities turnover ratio

The liabilities turnover ratio (calculated on the basis of the balance sheet item "Trade and other liabilities") was extended by 14 days to 79 days in the period covered by the financial information,

compared to the value as at the end of 2023. In the analysed period the Company held current trade liabilities at a higher average level as well as a higher level of costs.

### Operating cycle

The operating cycle of current assets (the sum of inventory and trade receivables turnover ratios) increased to 95 days in the period under review. On average, the Company's current assets are liquidated after 95 days.

### Cash conversion cycle

The result of the trends described above was to achieve a cash conversion cycle of +16 days as at 31 December 2024. A positive value of the ratio means that the Group does not use trade credit.



## Provisions of LW Bogdanka S.A.

### Balance sheet provisions

[PLN thousand]	As at 31/12/2023	As at 31/12/2024	Change 2024/2023
Employee provisions	261,285	336,780	28.9%
Provision for mine decommissioning and land reclamation costs	169,102	173,450	2.6%
Mining damage	7,352	10,768	46.5%
Other	8,755	7,609	-13.1%
<b>Total</b>	<b>446,494</b>	<b>528,607</b>	<b>18.4%</b>

### Change in provisions

[PLN thousand]	Change Q4 2023	Change Q4 2023	Change Q4 2024/ Q4 2023	Change in 2023	Change in 2024	Change 2024/2023
Employee provisions	-89,084	-14,696	-83.5%	38,950	75,495	93.8%
Provision for mine decommissioning and land reclamation costs	15,932	5,897	-63.0%	13,650	4,348	-68.1%
Mining damage	5,317	4,945	-7.0%	508	3,416	572.4%
Other	-10,890	411	-	3,075	-1,146	-
<b>Total</b>	<b>-78,725</b>	<b>-3,443</b>	<b>-95.6%</b>	<b>56,183</b>	<b>82,113</b>	<b>46.2%</b>

### Location of the impact of the change in provisions in the financial statements

[PLN thousand]	Change in provisions in 2024	Change recognised in operating activities (EBITDA)	Change recognised below operating profit - interest	Including: Change recognised only in the balance sheet - increase in the carrying amount of fixed assets	Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
Employee provisions	75,495	81,059	10,840	-	25,633	-42,037
Provision for mine decommissioning and land reclamation costs	4,348	2,102	8,962	-6,716	-	-
Mining damage	3,416	6,935	-	-	-	-3,519
Other	-1,146	2,744	-	-	-	-3,890
<b>Total</b>	<b>82,113</b>	<b>92,840</b>	<b>19,802</b>	<b>-6,716</b>	<b>25,633</b>	<b>-49,446</b>

### Location of the impact of the change in provisions in the financial statements

[PLN thousand]	Change in provisions in Q4 2024	Change recognised in operating activities (EBITDA)	Change recognised below operating profit - interest	Including: Change recognised only in the balance sheet - increase in the carrying amount of fixed assets	Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
Employee provisions	-14,696	-19,660	1,962	-	4,625	-1,623
Provision for mine decommissioning and land reclamation costs	5,897	1,038	2,862	1,997	-	-
Mining damage	4,945	6,935	-	-	-	-1,990
Other	411	435	-	-	-	-24
<b>Total</b>	<b>-3,443</b>	<b>-11,252</b>	<b>4,824</b>	<b>1,997</b>	<b>4,625</b>	<b>-3,637</b>

## Costs of LW Bogdanka S.A.

### Costs by type

[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Net production [thousand t].	2,496	2,526	1.2%	7,053	7,896	12.0%
Sales [thousand t]	2,142	2,404	12.2%	6,703	8,109	21.0%
Amortization and depreciation	136,483	87,154	-36.1%	442,882	386,703	-12.7%
Consumption of materials and energy	307,041	282,929	-7.9%	1,209,903	1,045,922	-13.6%
External services	182,029	159,859	-12.2%	666,241	611,818	-8.2%
Employee benefits	494,212	434,286	-12.1%	1,174,302	1,203,138	2.5%
Representation and advertising costs	5,024	3,472	-30.9%	20,587	17,117	-16.9%
Taxes and charges	13,578	14,675	8.1%	51,283	58,633	14.3%
Other costs	1,551	3,331	114.8%	6,223	62,185	899.3%
<b>Total costs by type</b>	<b>1,139,918</b>	<b>985,706</b>	<b>-13.5%</b>	<b>3,571,421</b>	<b>3,385,516</b>	<b>-5.2%</b>
Manufacturing cost of products for internal purposes	-133,705	-141,303	5.7%	-490,163	-481,744	-1.7%
Accruals	-77,270	-93,312	20.8%	-594	-10,742	1708.4%
Provisions and other presentation adjustments between expenses by nature and by function	-64,688	2,425	-103.7%	97,185	92,102	-5.2%
<b>Total production costs</b>	<b>864,255</b>	<b>753,516</b>	<b>-12.8%</b>	<b>3,177,849</b>	<b>2,985,132</b>	<b>-6.1%</b>
Change in products	-139,695	-39,252	-71.9%	-142,492	95,148	-166.8%
Value of goods and materials sold	3,052	3,413	11.8%	11,718	15,707	34.0%
<b>Own cost of production sold, including:</b>	<b>727,612</b>	<b>717,677</b>	<b>-1.4%</b>	<b>3,047,075</b>	<b>3,095,987</b>	<b>1.6%</b>
Cost of products, goods and materials sold	658,383	651,178	-1.1%	2,793,404	2,843,689	1.8%
Selling costs	20,954	15,556	-25.8%	64,888	60,386	-6.9%
Administrative costs	48,275	50,943	5.5%	188,783	191,912	1.7%

### Q4 2024

#### Costs by type

In Q4 2024, LW Bogdanka S.A. incurred costs by type in the amount of PLN 985,706 thousand (PLN -154,212 thousand y/y), i.e. 13.5% lower than in Q4 2023. The decrease in costs in Q4 2024 was mainly due to lower depreciation and amortisation, employee benefits and material and energy consumption, as well as third-party services.

#### Amortisation and depreciation

Depreciation and amortisation decreased by 36.1% (to PLN 87,154 thousand). Depreciation of fixed assets mainly decreased in connection with the write-down.

#### Costs of consumed materials and energy

The value of the cost of materials and energy consumed during Q4 2024 in relation to Q4 2023 decreased by 7.9% and amounted to PLN 282,929 thousand. In the period under analysis, the price of electricity fell, as did the value of materials consumed (primarily due to lower scope of development work).

#### Third-party services

The value of third-party service costs decreased in relation to Q4 2023 by 12.2% and amounted to PLN 159,859 thousand. In the analysed period, the scope of services outsourced to third-party companies changed (in particular those outsourced outside LW Bogdanka S.A.'s work schedule).

#### Employee benefits

The value of employee benefits in Q4 2024 in relation to Q4 2023 decreased by PLN 59,926 thousand. The additional bonus was paid to employees in Q4 2023.

#### Representation and advertising costs

The decrease in the value of representation and advertising costs by PLN 1.6 million results from the implementation of the current payment schedule under sponsorship agreements.

#### Taxes and charges

The increase in taxes and charges of approx. PLN 1.1 million results from the increase in the mining fee, the property tax and contributions to PFRON (Company Fund for the Rehabilitation of the Disabled People).

#### Other costs

The increase of PLN 1.8 million in other costs is due to an increase in fees for mining damages and property insurance.

## Costs of LW Bogdanka S.A.

### 2024

#### Costs by type

During 2024, LW Bogdanka S.A. incurred costs by type in the amount of PLN 3,385,516 thousand, i.e. by 5.2% (PLN -185,905 thousand) lower than in 2023. The decrease in costs in the analysed period was mainly affected by the recorded lower cost of consumption of materials and energy, depreciation and amortisation, as well as third-party services.

#### Amortisation and depreciation

Depreciation and amortisation decreased by 12.7% (to PLN 386,703 thousand). Depreciation of fixed assets mainly decreased in connection with the write-down.

#### Material and energy consumption

The total value of the cost of materials and energy consumed decreased by 13.6% compared to 2023 and amounted to PLN 1,045,922 thousand. Due to the smaller scope of auxiliary work, the cost of material consumption fell and, at the same time there was a decrease in the price of electricity.

#### Taxes and charges

The increase in taxes and charges of approx. PLN 7.4 million results from the increase in the mining fee, higher values of the property tax and contributions to PFRON.

#### Third-party services

The value of external services in 2024 decreased from PLN 666,241 thousand to PLN 611,818 thousand (-8.2%) compared to the corresponding period in 2023.

In the analysed period, the scope of works outsourced to third-party companies changed (in particular those outsourced outside LW Bogdanka S.A.'s work schedule).

#### Employee benefits

In 2024, compared to the corresponding period of 2023, the value of employee benefits increased by PLN 28,836 thousand.

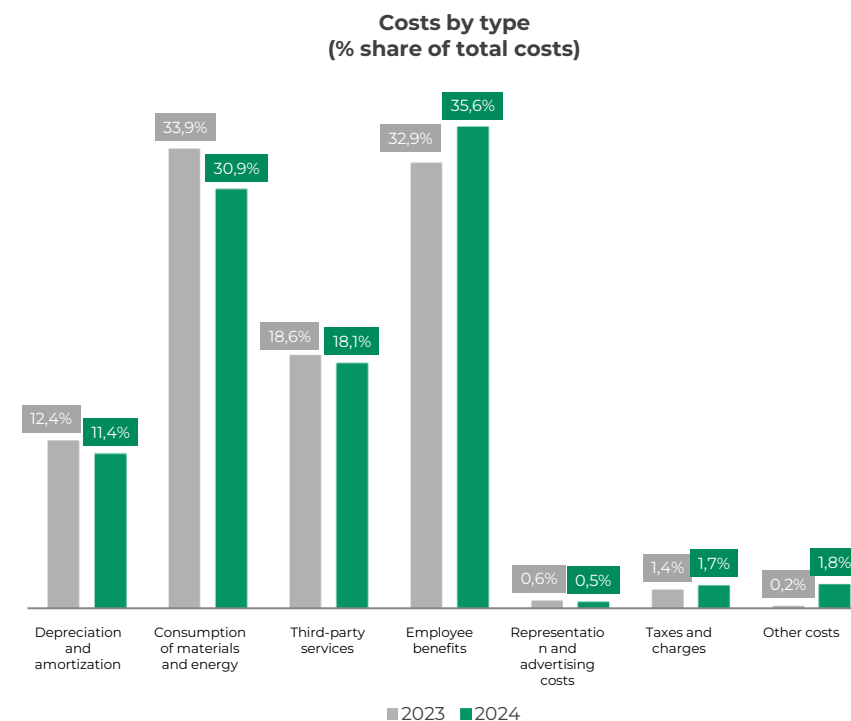
In the period under review, there was an increase in average employment and salaries as well as the resulting obligatory contributions. In addition, the value of other employee benefits, negotiated with the social party, increased.

#### Representation and advertising costs

The decrease in the value of representation and advertising costs by PLN 3.5 million results from the implementation of the current payment schedule under sponsorship agreements.

#### Other costs

The increase in other costs by PLN 56.0 million is due to the conclusion of a new insurance policy for a further 18 months and the implementation of a decision of the Court of Appeals in Warsaw in connection with legal claims relating to patents. The costs of the policy are accrued in proportion to its duration and will therefore be charged to subsequent periods' results.



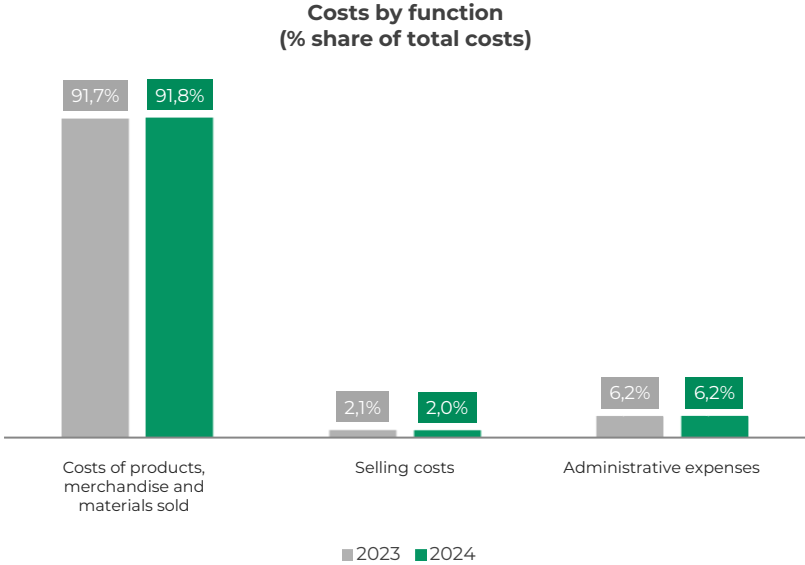


## Costs of LW Bogdanka S.A.

### Costs by function

The cost of own production sold (by function) in Q4 2024 was PLN 717,677 thousand, compared to PLN 727,612 in the corresponding period of the previous year.  
Own cost of goods sold (by function) for the entire 2024 amounted to PLN 3,095,987 thousand and was 1.6% higher (+PLN 48,912 thousand) than the cost incurred in the corresponding period of 2023.

[PLN thousand]	Q4 2023	Q4 2024	Change	2023	2024	Change
Cost of products, goods and materials sold	658,383	651,178	-1.1%	2,793,404	2,843,689	1.8%
Selling costs	20,954	15,556	-25.8%	64,888	60,386	-6.9%
Administrative costs	48,275	50,943	5.5%	188,783	191,912	1.7%
<b>Costs of goods sold</b>	<b>727,612</b>	<b>717,677</b>	<b>-1.4%</b>	<b>3,047,075</b>	<b>3,095,987</b>	<b>1.6%</b>



## Other information affecting the financial position of the LW Bogdanka Group

### Information on the current and projected economic and financial standing of the LW Bogdanka Group and assessment of financial resources management

The LW Bogdanka Group continuously monitors cost levels, ratios and the value of accumulated cash. The lack of interest-bearing debt, together with the level of cash held, guarantee current financing.

The Parent Company systematically performs works aimed to optimise the mining process (in terms of the applied technology and the planned deposit slicing and opening out works for new coal seams). The works as a whole (planning new excavations, extraction and sales of commercial coal) take the current and future quantifiable market risk into account. The opening out works (for new excavations) are performed in a manner enabling continuous extraction. Coal prices are also monitored on an ongoing basis in domestic and international markets.

The LW Bogdanka Group settles its liabilities on an ongoing basis. The Group manages its financial resources efficiently, depositing free funds in banks (the tenor and value of deposits depends on internal short-term financial forecasts).

### Suppliers

The awarding of contracts by hard coal mining companies for the purpose of carrying out these activities is subject to sectoral public procurement regulations. In the LW Bogdanka Group, all procurement orders above the thresholds defined in accordance with the Public Procurement Law are awarded based on the rules stipulated in the aforementioned Act. Other contracts are awarded on the basis of the Group's internal procedures. The main suppliers for the LW Bogdanka Group are companies offering services and products specific to the mining industry (excavation and reconstruction of roadways, haulage of winnings, as well as supply of roadway supports, specialist mining machinery and equipment), as well as companies supplying electricity. In the period from 1 January to 31 December 2024, the value of turnover with any supplier did not exceed 10% of the Group's revenue.

### Investments and deposits of the LW Bogdanka Group

The value of cash held by the Group at the end of 2024 amounted to PLN 1,031,068 thousand, of which:

- an amount of PLN 177,394 thousand was recognised in non-current assets
- an amount of PLN 853,674 thousand was recognised in current assets

The amount of PLN 177,394 thousand includes cash accumulated by the Parent Company as part of the Mine Closure Fund, earmarked to cover the costs of decommissioning of the mine (these funds are held on a bank deposit). The amount of PLN 853,674 thousand includes cash (available cash) kept on short-term bank deposits - the level of deposits depends on internal revenue and expenditure forecasts, as well as the availability of such a solution in banks providing services to the Group companies.

In line with accepted standards, it maintains a level of disposable cash of at least the value of the average monthly sales revenue (1/12 of the planned annual sales revenue). The funds accumulated in the Parent Company as at 31 December 2024 amounted to PLN 807,770 thousand, while those in subsidiaries amounted to PLN 45,904 thousand (mainly in Łęczyńska Energetyka).

### Description of material off-balance sheet items of the LW Bogdanka Group - by subject, object and value

A detailed description of contingent liabilities and contingent assets is presented in note no. 28 to the Consolidated Financial Statements of the LWB Bogdanka Group for the period from 1 January to 31 December 2024.

### Decision on payment of dividends

On 28 June 2024, the Ordinary General Meeting of the Company adopted a resolution on the payment of dividends to the Company's shareholders, allocating the amount of PLN 85,034 thousand (PLN 2.50 per share) for this purpose from the net profit for 2023. The dividend was paid on 19 July 2024.

### Evaluation of factors and unusual events affecting the operating result:

#### Notice of reduction in demand for coal from Enea Trading Sp. z o.o.

On 28 March 2024, the Parent Company received information from Enea Trading Sp. z o.o., acting as proxy for Enea Wytwarzanie Sp. z o.o. and Enea Elektrownia Połaniec S.A., on the reduction of coal demand from power plants belonging to the Enea Group by approximately 934 thousand tonnes compared to the values resulting from the minimum volumes in force for the current year, determined on the basis of annexes to long-term contracts.

The reduction in demand for coal resulted from production restrictions imposed by the Transmission System Operator (PSE S.A.) due to a decrease in the demand of the National Power System for, among other things, energy produced from hard coal.

#### Recognition of the results of the asset impairment tests in the 2024 financial statements

The Group's results in 2024 were significantly affected by impairment losses on the carrying value of non-current assets, totalling PLN 2,424 million, created in connection with the asset impairment tests carried out in accordance with the requirements of IAS 36.

A detailed description of the impairment of property, plant and equipment is provided in Note 4.3 of the LWB Group's Consolidated Financial Statements for the period from 1 January to 31 December 2024.

# 3. Corporate governance





## Identification of applied corporate governance rules

This Corporate Governance Statement was prepared in accordance with § 70(6)(5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information transmitted by securities issuers and the conditions for recognising the information required by legal regulations of a non-member state as equivalent.

LW Bogdanka S.A., a company listed on the Warsaw Stock Exchange, in the period from 1 January 2024 to 31 December 2024 applied the corporate governance principles defined in the "Best Practices of Companies Listed on WSE 2021". Considering that the Prime Minister has not defined best practices in the area of corporate governance, as referred to in Article 7(3) of the Act on the Rules for Managing State Property, in respect of the best practices in 2024 the Company did not use practices other than those defined in the Code of Best Practice for WSE Listed Companies (DPSN).

### Code of Best Practice for WSE Listed Companies

On 29 March 2021, the Stock Exchange Board adopted resolution No. 13/1834/2021 on the document "Best Practices of Companies Listed on WSE 021" (hereinafter: "Best Practices"), with effect as from 1 July 2021. The document is available on the WSE website at: <https://www.gpw.pl/dobre-praktyki2021>

A report on the progress in the application by the Company of the Best Practices was published on 27 July 2021; it is available under the Investor Relations tab of LW Bogdanka S.A.'s website, in the corporate governance section: <https://ri.lw.com.pl/lad-korporacyjny-raporty>

### Application of the "Best Practices for WSE Listed Companies 2021":

#### Chapter 1 - Information policy and communication with investors

##### LW Bogdanka S.A. complies with all the principles in Chapter 1.

In 2024, the Company communicated with investors under an information policy designed primarily to build trust of capital market participants.

The company communicates with investors through its Investor Relations web page [www.ri.lw.com.pl](http://www.ri.lw.com.pl) where all information relevant to investors is posted in Polish and English.

- Investor Relations Service published all Company information, such as the financial statements, reports, corporate news, information on the Company's governing bodies, etc.
- information on the ESG activities can be found under a tab dedicated to environmental, social and corporate governance matters. Information on ESG is also included in an annual integrated report published on the Company's website.
- The Company regularly reports its preliminary financial results in the middle of the month following the quarter end.
- a business strategy adopted by the Company, containing the ESG Strategy presents actions planned for implementation as regards ESG management, including actions to minimise environmental damage and climate impacts.
- Every quarter, representatives of the Management Board participate in a performance results conference, addressed primarily to analysts and journalists. Furthermore, the President of the Management Board takes part in investor chats addressed to individual investors; usually approx. 100 people log into these chats, which are announced in advance on the Company's website, in the investor's calendar.

- The Company responds to investor queries on an ongoing basis, usually contacting the investor by e-mail or telephone.

#### Chapter 2 - Management Board and Supervisory Board

##### The Company complies with the principles in Chapter 2, with the exception of principles 2.1, 2.2, 2.11.6 with regard to the diversity policy in place for the Management Board and the Supervisory Board.

The persons on the Company's Management Board and Supervisory Board meet all the criteria and requirements specified in the Best Practices. Votes held by the Supervisory Board and the Management Board are open, barring the situations when a secret ballot is required by the law.

##### Reasons for not applying rules 2.1, 2.2, 2.11.6

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, being fit to discharge the specific function well.

- At LW Bogdanka, we do not have a separate formal diversity policy applied to management and supervisory bodies.
- As at 31 December 2023, there were 11% women and 89% men on the Company's Supervisory Board and as at 31 December 2024, there were 14% women and 86% men.
- As regards the Management Board, as at 31 December 2023 and as at 31 December 2024, the composition was 100% men.

#### Chapter 3 - Internal systems and functions

##### LW Bogdanka S.A. complies with all the principles in Chapter 3.

- The Company meets the criteria and requirements in respect of the systems of internal control, risk management and

compliance, as well as in respect of the internal audit function.

- The Company's organisational chart specifies the departments responsible for risk management, compliance and internal audit.
- There is an Internal Audit Department, managed by the head of department,
- The remuneration of persons responsible for risk management, compliance and internal audit depends on the achievement of their set tasks, rather than the performance of the Company
- The Risk Management Department reports to the Director of the Management Board who reports directly to the President of the Management Board.
- The Compliance Department reports to the Director of the Management Board who reports directly to the President of the Management Board.
- The Internal Audit Department functionally reports to the Audit Committee, and in organisational terms - directly to LW Bogdanka S.A.'s President of the Management Board.
- Every time an internal audit is conducted, the person responsible for the internal audit function presents the findings and a post-audit and an annual report on the systems' effectiveness is presented to the Supervisory Board.
- An audit involving an independent assessment of LW Bogdanka's internal audit function by an independent auditor was performed in 2020.

## Identification of applied corporate governance rules

### Chapter 4 - General Meeting of Shareholders and shareholder relations

**The company complies with the rules of Chapter 4 with the exception of Rule 4.1 on enabling shareholders to participate in the general meeting by means of electronic communication (e-General Meeting).**

- The Company determines the place and date as well as the form of the General Meeting so as to enable the participation of the highest possible number of shareholders - the General Meetings are organised in the Company's head office in Bogdanka.
- The Ordinary Shareholder Meeting's proceedings are broadcast in real time while the proceedings of Extraordinary Shareholder Meetings are recorded, and the recordings are made available on the Company's website.
- Representatives of the Management Board and the Supervisory Board are always present at the General Meetings, to discuss the Company's performance and situation
- The Company publishes draft resolutions
- The Company seeks to pay out dividend in accordance with its dividend policy; in 2024, a dividend from the 2023 profits was disbursed in the amount of PLN 2.50 per share, which represents 12.4% of the Company profit generated in 2023.

#### Reasons for not applying rule 4.1:

In 2024, the Company did not apply Rule 4.1 on enabling shareholders to participate in the general meeting by means of electronic communication (e-General Meeting).

#### Justification

The Company has abandoned this rule due to technical and legal risk factors it identifies. At the same time, an analysis of the potential cost of holding the e-General Meeting, as well as absence of any requests in this respect from the Company's shareholders, made the Company conclude that there was no need to introduce any changes.

The Company does not exclude that it will provide the possibility of a bilateral communication with shareholders in real time during shareholder meetings held in the future.

### Chapter 5 - Conflicts of interest and transactions with related parties

**LW Bogdanka S.A. complies with all the principles in Chapter 5.**

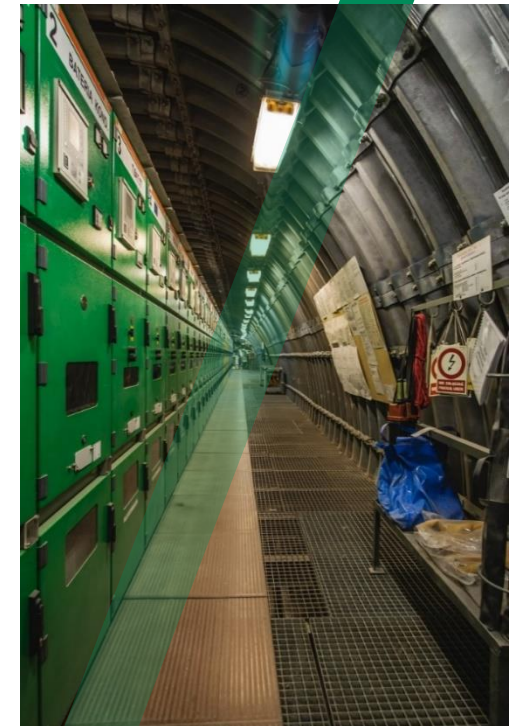
- The Company meets all the requirements as regards management of conflicts of interests and transactions with related parties.
- No shareholder is given undue preference over other shareholders with regard to transactions with related parties.
- Each of the Company's transaction with a related party requires a consent of the Supervisory Board which – prior to adoption of the relevant resolution – examines if an external entity should be consulted on the matter, to price the transaction and analyse its economic effects.

### Chapter 6 - Remuneration

**LW Bogdanka S.A. complies with all the principles in Chapter 6.**

- On 28 June 2024, the Ordinary General Meeting of the Company adopted the Remuneration Policy for members of the supervisory body and the management body.
- The Remuneration Policy meets all the requirements of the set of Best Practices
- The Company strives for the stability of its management team, ensuring stable, consistent and non-discriminatory

- remuneration principles
- The Company did not have any active executive options programme in 2024
- Members of the Supervisory Board receive fixed monthly compensation irrespective of the number of meetings. Members of the Supervisory Board did not receive any additional remuneration for work on the Supervisory Board committees.
- The remuneration of Supervisory Board Members is not dependant on the performance of the Company.





## Diversity policy

The Company does not have in place a formal diversity policy applicable to its administrative, management and supervisory bodies. Principles for appointing the Management Board and the Supervisory Board are defined in the Company's Articles of Association. When appointing members of its corporate bodies, the Company pays a lot of attention to ensuring comprehensiveness, diversity, as well as a range of educational backgrounds, age and professional experience, without differentiating candidates by gender, age, background or other factors that have no substantive impact on the evaluation of their qualifications. The decisive aspect is, first of all, being fit to discharge the specific function well.

Notwithstanding the foregoing, the Company applies a diversity policy in its employee selection and recruitment. LW BOGDANKA S.A.'s diversity policy is designed to use the full potential of employees, their diverse skills, talents, competence and experience in an atmosphere of respect and support. Such approach applies to all the employees of the Company, which fosters its better functioning and contributes to the development of its strong market position.

Furthermore, such diversity policy leads to high work productivity, building of trust, as well as counteracts discrimination, thus creating an environment of mutual respect.

The matters of diversity are regulated by: the Diversity Policy, the Company Articles of Association, Labour Regulations, Code of Ethics, Personnel Policy and the Company Collective Bargaining Agreement. In accordance with the Code of Ethics, in LW Bogdanka S.A. any conduct such as discrimination, both direct as well as indirect, harassment or mobbing are absolutely prohibited and unacceptable.

Among the employer's basic duties, the Labour Regulations list prevention of discrimination in employment, in particular on the basis of gender, 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 else on a full-time or part-time basis.

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

The Human Resources policy specifies the rules of recruiting employees. When looking for the best candidates, the Company focuses first and foremost on their knowledge, professional qualifications, personality aptitude and work experience. Being aware of the value of human capital, the Company attaches a lot of importance to its recruitment processes. In the process of candidate recruitment and selection, the Company is guided by professional candidate selection criteria based on requirements applicable to individual job descriptions.

Pursuant to its provisions, the Company Collective Bargaining Agreement lays down the duty to respect equal opportunities for efficient and well-organised work, so that the remuneration reflects the type of work performed, its quality and productivity. The criteria for setting remuneration for work are intended to ensure that employees receive a fair pay. Remuneration 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 the work performed.

The key personnel of LW Bogdanka S.A. is selected based on objective substantive criteria, and with respect for diversity. The Company provides equal opportunities for professional development and promotion.

LW Bogdanka S.A.'s activities to ensure compliance with equal treatment principles include:

- familiarising all employees with the Code of Ethics; continuous promotion of ethical standards at the mine site (the Company's website, notice boards, roll-ups, posters, messages, OHS monitors, etc.)
- training for managers raising their awareness of discrimination and mobbing
- equal access of women to decision-making processes, promotions, pay raises and management positions
- application of a remuneration system that does not in any way discriminate against any employees

- equal access to training for all employees
- maintenance of dialogue with employee representatives (trade unions)
- maintenance of regular internal communication with all employees
- pension schemes
- assistance provided to families of employees in need (the "Solidary Miners" Foundation)
- equal support for local initiatives.

### LW Bogdanka S.A - Management Board as at 31 December 2024

Total	4
Women	0
Men	4
Up to 30 years	0
From 31 to 40 years	0
From 41 to 50 years	2
Over 50 years	2
Foreigners	0

### LW Bogdanka S.A - Supervisory Board as at 31 December 2024

Total	7
Women	1
Men	6
Up to 30 years	0
From 31 to 40 years	1
From 41 to 50 years	4
Over 50 years	2
Foreigners	0

## Description of the main features of the issuer's internal control and risk management systems with reference to the process of drawing up stand-alone and consolidated financial statements

LW Bogdanka S.A. prepares separate and consolidated financial statements based on the generally binding provisions of the law and internal regulations.

Under the internal control and risk management systems, in the process of preparing financial statements the Group applies a number of internal procedures designed to ensure effective and efficient control, as well as identification and elimination of potential risks. The above solutions are defined in the Organisational Regulations of the Company, the document distribution instruction, accounting policy, as well as job descriptions (scopes of duties and powers) of the financial and accounting services employees. At the same time, the Company maintains full employee's obligation of self-control as well as functional control exercised by all levels of management, within the scope of their coordination and oversight duties.

LW Bogdanka S.A. operates control mechanisms in order to achieve the following control objectives:

- powers and duties – distribution of tasks among employees ensures that errors or irregularities are detected at an early stage
- reliability and completeness – from start to finish, all operations and transactions are correctly conducted and registered
- timeliness – operations are performed and registered in records or IT applications at the right time, as stipulated by the relevant regulations

- valuation and qualification – assets and liabilities and equity are valued correctly, and profits and costs are disclosed in the correct amount
- presentation and recognition – assets, liabilities, profits and expenses, as well as all transactions, are correctly recognised, described and recorded in the relevant documents
- monitoring and reporting – reports presenting information and data on the performed activities are provided timely to the Company's Management Board
- confidentiality – information and data is disclosed only to persons who are their intended recipients given their functions and duties
- availability – IT systems and applications are available when needed to conduct and register operations and transactions
- compliance – the process and its supporting systems are compliant with the existing laws, norms and standards.

The data from the accounting ledgers ensure accuracy of the financial statements, as they contain evidence entered on the basis of the appropriate supporting documentation. The completeness of reporting applies to all reporting templates applicable to the Company. Data presentation method is to ensure that the reports can be easily understood (transparency and clarity of information), provide useful information and the presented data is comparable.

Accounting ledgers of LW Bogdanka S.A. are maintained by the FINANSE IT system, which is a part of the INTEGRA Integrated Management System.

The oversight over the process of preparing the Company's financial statements is exercised by Vice-President of the Management Board for Economic and Financial Affairs, to whom the financial and accounting services report.

Moreover, the quality of the financial statements is also a function of the experience and qualifications of the financial and accounting services employees with functional oversight exercised by the Chief Accountant of the Company.

LW Bogdanka S.A. maintains its accounting ledgers and prepares the financial statements in line with the International Financial Reporting Standards and the related interpretations announced in the form of the European Commission regulations, as enacted by the EU ("IFRS EU").

Pursuant to the provisions of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Issuer") and with reference to European Commission Regulation No. 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, the Company, as the Issuer, is required to prepare financial statements in accordance with the Single European Electronic Format (ESEF) for the financial year beginning 1 January 2020.

Pursuant to the aforementioned regulations, issuers are required to prepare annual financial statements in the XHTML format, and where annual financial statements include consolidated financial statements prepared in accordance with IFRS - which is the case for LWB - issuers must mark (otherwise tag) them using XBRL. In view of the foregoing, the financial statements of the Lubelski Węgiel Bogdanka Group for 2024, where the Company is the Parent Company, have been prepared in accordance with the requirements of the ESEF.

The Company keeps abreast of the changes required by external laws and regulations relating to reporting requirements. The Audit Committee, appointed by the Supervisory Board, exercises oversight over financial reporting in the Company and collaborates with the independent auditor.

Moreover, pursuant to Article 4a of the Accounting Act of 29 September 1994, the duties of the Supervisory Board include ensuring that the Company's financial statements and the activity report meet the requirements prescribed by the law.

In order to verify the consistency of the data contained in the financial statements with the actual state affairs and the records in the accounting ledgers maintained by the Company, the financial statements are audited by an independent auditor, who presents their own audit report. The Company's Supervisory Board selects the statutory auditor from among reputable audit firms, based on the Audit Committee's recommendations which, among others, ensures that the auditor will maintain impartiality and independence when performing the audit.

The adopted rules of procedure regarding the preparation of financial statements and the "Audit Firm Selection Procedure for the Purposes of LW Bogdanka S.A.'s Statutory Audits", as well as the "Policy of the Provision by an Audit Firm of Permitted Services Other Than a Statutory Audit" and the "Audit Firm Selection Procedure" are supposed to procure compliance with the requirements of the law and the actual state of affairs, as well as to allow for early identification and elimination of prospective risks so that they do not affect the accuracy and correctness of the presented financial data.

## Description of the main features of the issuer's internal control and risk management systems with reference to the process of drawing up stand-alone and consolidated financial statements

The Internal Audit department is another important element of the organisational structure; the department follows the "Internal Audit Regulations".

### The scope of activities of the Internal Audit Department includes in particular:

- Evaluation of the effectiveness and adequacy of the internal control and risk management systems
- Examination and evaluation of the adequacy of the control mechanism to ensure compliance of the operation of individual organisational units with the law, Articles of Association, agreements, procedures, by-laws, instructions, internal normative acts, etc.
- Examination and evaluation of the control mechanisms to ensure that the Company's activities are in line with the adopted strategies and plans
- Examination and evaluation of the control mechanisms to ensure reliability and consistency of the data providing the basis for the preparation of the reports required by the law as well as of management reports
- Evaluation of operational effectiveness and efficiency
- Identification and assessment of potential threats to the Company's activities
- Carrying out planned and ad hoc audits in the Company and its subsidiaries in the LW Bogdanka S.A. Group

- Monitoring of the implementation of postaudit recommendations and corrective actions
- Performance of tasks instructed by the Supervisory Board and the Audit Committee operating within the Company's Supervisory Board
- Cooperation with the Compliance Policy Department and the Risk Management Department to collectively support the Company in achieving its goals and to provide integrated support to the Company's bodies in the area of effectiveness and efficiency of the internal control system and the risk management system, consisting in particular in the continuous undisturbed exchange of information.

The internal controls system in LW Bogdanka S.A. is a set of procedures and control mechanisms designed and implemented to reasonably ensure that the objectives set by the LW Bogdanka Group are achieved. The internal control system covers all organisational units defining the performance of tasks, the principles of cooperation between them, the flow of information and the monitoring of activities within the Company, and applies to all the Company's processes, including those having a direct or indirect impact on the regularity of the financial statements.



## Changes in the basic governance principles of LW Bogdanka S.A.

In order to clarify the principles of governance at LW Bogdanka S.A., the following documents, among others, were updated, adopted in 2024.

Adopted for use in the Company:

- Policy on Conflict of Interest Management
- Gift policy
- Rules of Procedure for the Coordination of External Audits
- Rationalisation Regulations
- Terms and conditions of participation in the private medical subscription scheme for employees
- Procedure for preparation and disclosure of non-financial information for the LW Bogdanka Group
- Policy on respect for human rights and diversity in the LW Bogdanka Group

Changes have been introduced in:

- Regulations and organisational chart of the Company
- Coal Sales Regulations
- Rules and Regulations of the Incentive Programme for LWB Management (MBO)
- Internal Audit Regulations of Lubelski Węgiel Bogdanka S.A.
- Regulations on the Flow of Confidential Information at Lubelski Węgiel Bogdanka S.A.

Introduced for use:

- an updated Public Engagement Policy
- updated Rules for Granting Donations by the Management Board of the Company
- Derivative acts of the ENEA Group
- updated Compliance Policy

## Share capital structure and shareholding of LW Bogdanka S.A.

### Share capital structure

The Company's share capital is PLN 170,067,950 and is divided into 34,013,590 shares with a nominal value of PLN 5 per share. On 4 January 2012, 3,208,111 employee shares were floated on the Warsaw Stock Exchange, and on 4 February 2013, another 34,754 shares were floated. The total number of the Company's shares traded is 34,013,455.

The remaining 135 shares, as of the date of this Report, are registered shares. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 34,013,590 votes. The dominant strategic shareholder in the Company is ENEA S.A., with a majority shareholding of 64.6% in LW Bogdanka S.A., which authorise it to 21,962,189 votes, translating into the nominal value of PLN 109,810,945.

The Issuer's other shareholders are mainly institutional investors in the form of pension and investment funds.

### Treasury shares

In Q1-Q4 2024, LW Bogdanka S.A. and its subsidiaries did not purchase any Treasury shares.

### Participation of LW Bogdanka S.A.'s shares in indices

The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of 2024, LW Bogdanka S.A. was included in the following stock exchange indices:

- WIG - includes all companies listed on WSE Main Market, which meet the base criteria for participation in the indices
- mWIG40 - 40 medium-sized companies listed on the WSE Main Market which, in terms of capitalisation and turnover, are below the largest companies in the WIG20, but above the smaller companies in the sWIG80WIG
- Mining - includes companies classified into the "mining" sector (formerly known as the "raw materials" sector)
- WIG-Poland - an index comprised only of shares of domestic companies listed on the WSE Main Market, which meet the base criteria for participation in the indices.
- The WIG.MS-BAS index is published based on the value of a portfolio of stocks of the 5 most liquid companies in industries including energy, mining and raw materials.
- WIG-ESG - socially responsible companies that conduct their business with respect for environmental, social and corporate governance factors.



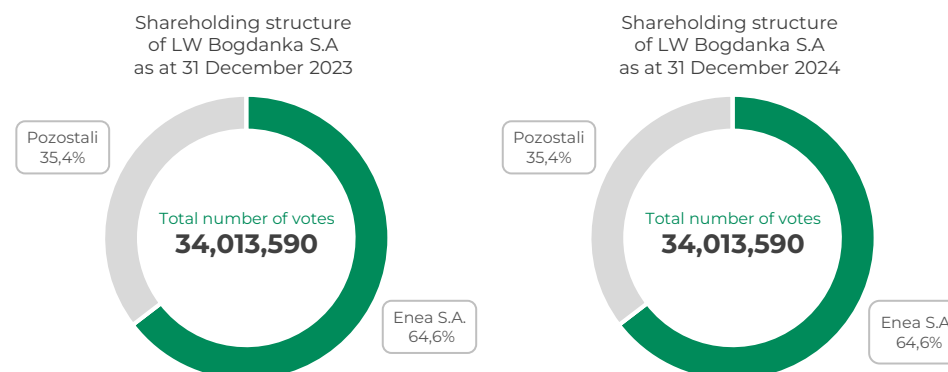
## Share capital structure and shareholding of LW Bogdanka S.A.

### Changes in shareholder structure up to the date of the report

According to information in possession of the Parent Company, in 2023 there were no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s Shareholder Meeting.

From 31 December 2024 until the publication date of this Report, and according to the information in possession of the Parent Company, there have been no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s General Meeting of Shareholders.

### Structure of shareholding





## Shareholders holding directly or indirectly significant stakes in the Company 🏢

Shareholder	31 December 2023		31 December 2024	
	Number of shares / Number of votes at GM	Interest in the share capital (%)	Number of shares / Number of votes at GM	Interest in the share capital (%)
Enea S.A.	21,962,189	64.6%	21,962,189	64.6%
Others	12,051,401	35.4%	12,051,401	35.4%
<b>Total</b>	<b>34,013,590</b>	<b>100.0%</b>	<b>34,013,590</b>	<b>100.0%</b>

From 31 December 2024 until the publication date of this Report, and according to the information in possession of the Parent Company, there have been no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s General Meeting of Shareholders.

### Specification of holders of any securities that give special controlling rights over the issuer

The Company did not issue any securities that give special rights of control to the shareholders.

### Specification of any restrictions on voting rights

The Company's Articles of Association do not stipulate any restrictions on the exercise of voting rights at the General Meeting of LW Bogdanka S.A.

### Specification of any restrictions on the transfer of the title to securities issued by the Company

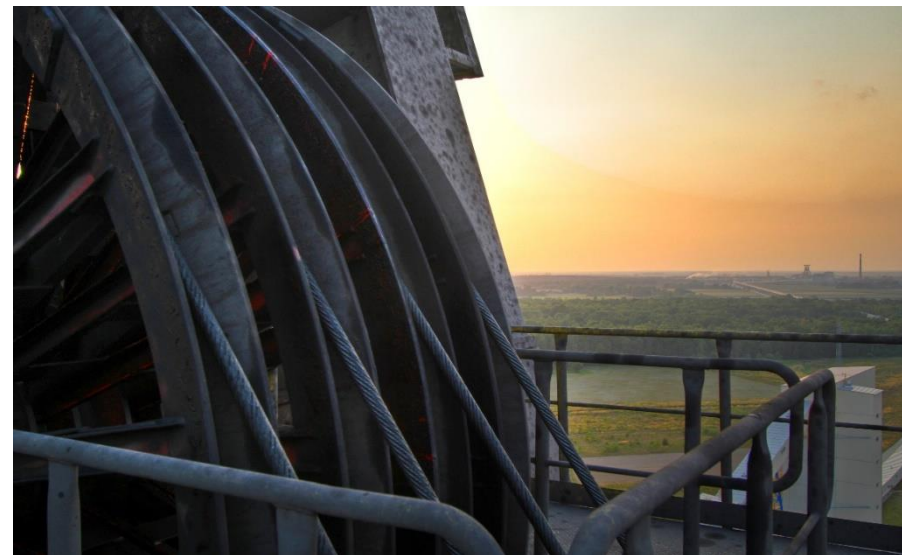
The Company's Articles of Association do not stipulate any restrictions on transfer of the ownership title to securities of the Companies.

### Description of the rules concerning the amendments to the Company's Articles of Association

Any amendments to the Company's Articles of Association require a resolution of the General Meeting of Shareholders and entry into the Register of Commercial Undertakings, as stipulated by the Articles of Association of LW Bogdanka S.A. and the Commercial Company Code.

If extensive amendments are to be made to the Articles of Association, the Management Board prepares a draft of a new consolidated text of the Articles of Association, including a schedule of the provisions to be amended or introduced as new, and attaches this draft to the announcement convening the General Meetings of Shareholders at which the amendments are to be enacted.

After the General Meetings of Shareholders amends the Articles of Association, the Management Board prepares a draft consolidated text of the amended Articles and presents it to the Supervisory Board for approval. Furthermore, any amendments to the Articles of Association are governed by the Regulation of the Minister of Finance of 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognising the Information Required by the Regulations of a Non-Member State as Equivalent, which stipulate the obligation to publish - in the form of an interim report - the information about the intended or introduced amendments to the Articles of Association.



## Investor relations, contacts with investors

### Investor relations - how we operate

For LW Bogdanka SA, investor relations make a very important element of consistent and integrated corporate communication. Communication and the channels and tools used are tailored to the needs of specific target groups, while maintaining the principle of equal access to information.

In 2024, the Company communicated with investors under an information policy designed primarily to build trust of capital market participants.

### Forms of communication with investors

1. The Company communicates with investors through its Investor Relations web page [www.ri.lw.com.pl](http://www.ri.lw.com.pl) where all information relevant to investors is posted in Polish and English.
2. The Company sends the Investor Newsletter, following the publication of current reports and periodic reports and information relevant to investors.
3. Moreover, in 2024, representatives of the Management Board of the Company:
  - took part in performance conferences addressed in particular to analysts and journalists, and the meetings were also streamed online,
  - The President of the Management Board took part in investor chats addressed to individual investors where usually approx. 100 participants logged; information concerning the planned investor chat are announced in advance on the Company's website, in the investor's calendar.

- The Company responds to shareholders' queries on an ongoing basis - employees of the investor relations department are usually contacted by e-mail or telephone.
- The Company representatives attend industry events offering an opportunity to obtain information about the Company directly.

The Company endeavours to meet the highest possible standards in terms of quality and availability of information to investors.

In 2024, for its communication activities with investors, the Company received an award in The Best Annual Report competition organised by the Institute of Accounting and Taxes - the Company won the second grand prize in The Best Annual Report competition in the "Companies" category. The Best Annual Report competition focuses on promoting best practice in corporate financial reporting and supporting the business community. This year's edition introduced changes in the approach to assessing individual parts of the annual report, placing greater emphasis on storytelling and integrated reporting. In particular, the jury looked at the compliance with IASB in terms of presentation of accounting policies and inclusion of ESMA's guidance on climate risks and alternative performance measurement indicators (APMs).

The Company did not receive any significant queries or comments from Investors or analysts regarding its reporting or reports.

### Publication of information concerning the Company

A report on the progress in the application by the Company of the Best Practices was published on 27 July 2021; it is available under the Investor Relations tab of LW Bogdanka S.A.'s website, in the corporate governance section:

<https://ri.lw.com.pl/lad-korporacyjny-raporty>

The Company also informs on the application of the Best Practices in the annual report, in the Corporate governance section describing the activities that took place during the year.

All information about the Company was published in the Investor Relations Service:

- basic corporate documents, in particular, such as the Articles of Association, the By-laws of the General Meeting, the By-laws of the Supervisory Board, the By-laws of the Management Board, the Remuneration Policy for Members of the Management Board and the Supervisory Board, as well as information on the application of the Best Practices by the Company,
- current and interim reports,
- composition of the Management Board, the Supervisory Board, the Audit Committee, professional CVs of members of these bodies,
- summary of financial and operating data from 2011 onwards (including, but not limited to, balance sheet, profit and loss account, cash flows, financial ratios, operational data) with a possibility to set the data in table and chart versions; moreover, it is possible to download these data in a CSV or XLS file,
- up-to-date investor presentations, including presentations on financial performance and business strategy,
- investor's calendar containing, among other things, dates of publication of reports and investor meetings, dates of general meetings, dates of investor chats,
- information on the ESG activities which can be found under the tab dedicated to environmental, social and corporate governance matters. Information on ESG is also included in an annual integrated report published on an annual basis and available on the Company's website.

The Company regularly reports its preliminary financial results in the middle of the month following the quarter end.

### Contact with the Investor Relations department

#### Paweł Bielski

Manager of Investor Relations and Market Analysis Department  
Tel.: +48 81 462 55 44  
e-mail: [gielada@lw.com.pl](mailto:gielada@lw.com.pl), [pbielski@lw.com.pl](mailto:pbielski@lw.com.pl)

#### Magdalena Szewczyk

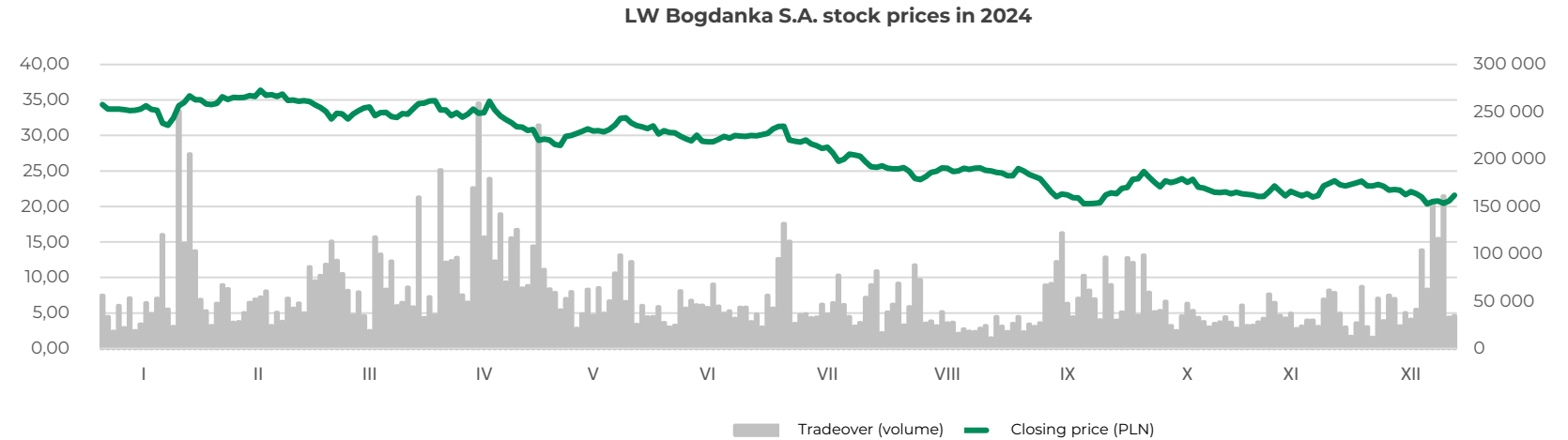
Chief Specialist for Investor Relations and Market Analysis  
Tel.: +48 81 462 55 44  
e-mail: [gielada@lw.com.pl](mailto:gielada@lw.com.pl), [mszewczyk@lw.com.pl](mailto:mszewczyk@lw.com.pl)

#### Łukasz Sarzyński

Chief Specialist for Investor Relations and Market Analysis  
Tel.: +48 81 462 50 29  
e-mail: [gielada@lw.com.pl](mailto:gielada@lw.com.pl), [lsarzyński@lw.com.pl](mailto:lsarzyński@lw.com.pl)



## LW Bogdanka S.A. stock prices on the Warsaw Stock Exchange



### Key data on shares

	2023	2024
Maximum price [PLN]	55.8	36.4
Minimum price [PLN]	31.3	20.3
Last price [PLN]	34.0	21.6
Average price [PLN]	39.5	28.1
Capitalisation at the end of the period [PLN million]	1,157.1	733.3
Carrying amount [PLN million]	4,283.5	2,673.6
P/E [market capitalisation/net profit]	1.7	
P/BV [market capitalisation/book value]	0.3	
Rate of return at the end of the period [%]	-37.0	
% of profit earmarked for dividend payment [%]	49.9	12.4
Dividend rate [%]	6.5	8.0
Average trading value per session [PLN 000]	5,377.4	1,659.7
Average volume per session	127,539	55,282
Number of shares traded [pcs]	34,013,590	34,013,590

### Analyst recommendations

Date of issue	Institution	Recommendation	Price target	Price before date of issue
11 January 2024	Ipopema	Buy	PLN 45.62	PLN 33.52
12 January 2024	Santander Brokerage House	Sell	PLN 18.30	PLN 33.72
08 April 2024	Pekao BP Securities	Sell	PLN 27.00	PLN 32.56
09 April 2024	BOŚ Brokerage House	Sell	PLN 25.00	PLN 33.00
10 April 2024	Noble Securities	Sell	PLN 22.70	PLN 33.70
18 April 2024	Ipopema	Sell	PLN 26.00	PLN 32.24
23 May 2024	Santander Brokerage House	Sell	PLN 15.60	PLN 31.76
06 September 2024	PKO BP Securities	Sell	PLN 20.20	PLN 24.20
10 September 2024	Santander Brokerage House	Sell	PLN 13.00	PLN 23.00
24 September 2024	Ipopema	Sell	PLN 18.53	PLN 20.50
29 November 2024	Santander Brokerage House	Hold	25.80 PLN	PLN 23.08
02 December 2024	Ipopema	Hold	22.34 PLN	PLN 23.30

The above information constitutes a summary of security broker recommendations within the meaning of Commission Delegated Regulation (EU) 958 of 9 March 2016.

## Number of shares of LW Bogdanka S.A. held by members of the Company's governing bodies

### Shares in related parties of the Company

Members of the Management Board and Supervisory Board of LW Bogdanka S.A. do not hold any shares in the following subsidiary:

- Łęczyńska Energetyka sp. z o.o.
- EkoTRANS Bogdanka sp. z o.o.
- RG Bogdanka sp. z o.o.
- MR Bogdanka sp. z o.o.

According to the information available to the Parent Company, in the period from the publication of the previous interim report, i.e. the report for Q3 2024, to the date of publication of the annual report for 2024, there were no changes in the number of shares in LW Bogdanka S.A. held by persons discharging management and supervisory functions.

The Issuer is not aware of any contracts concluded including contracts concluded after the balance sheet date, which may result in future changes in the proportions of shares held by existing shareholders.

### Employee share scheme

There are no employee share schemes in operation in the Group's companies.

A breakdown of the shareholdings in LW Bogdanka S.A. and in the Company's related parties by persons discharging management and supervisory functions in LW Bogdanka S.A. is presented in the tables below\*:

MANAGEMENT BOARD					
Full name	Number of Company shares as at 09 April 2025	Par value per share (PLN)	Number of Company shares as at 20 November 2024	Par value per share (PLN)	Number of shares in Subsidiaries
Zbigniew Stopa	0	0	0	0	0
Bartosz Rożnawski	43	215	43	215	0
Sławomir Krenczyk	0	0	0	0	0
Artur Wasilewski	0	0	0	0	0
SUPERVISORY BOARD					
Full name	Number of Company shares as at 09 April 2025	Par value per share (PLN)	Number of Company shares as at 20 November 2024	Par value per share (PLN)	Number of shares in Subsidiaries
Bartosz Krysta	0	0	0	0	0
Szymon Jankowski	0	0	0	0	0
Paweł Cygan	0	0	0	0	0
Daniel Frąc	0	0	0	0	0
Magdalena Makiela	0	0	0	0	0
Robert Wietrzyk	0	0	0	0	0
Paweł Wójcik	0	0	0	0	0
TOTAL					
	43	215	43	215	0

\*According to the representations by members of the Issuer's Management Board and Supervisor Board

## Dividend policy of LW Bogdanka S.A.

### Dividend policy

In the medium and long term, LW Bogdanka S.A. wants to remain a dividend payer, and the Management Board's intention is to apply to the General Meetings of Shareholders for payment of a dividend of up to 50% of the net profit recognised in the Company's separate financial statements prepared in accordance with the EU IFRS.

In view of the rapid changes in the coal market in Poland and globally, it is the Management Board's priority to ensure financial and liquidity security of the Company. As a result, the amount of the dividend distribution recommended by the Management Board is in each case a function of:

- the current market situation
- cash flows generated from operating activities
- planned investment processes
- projected level of the Company's debt.

The dividend distribution policy is subject to regular verification and any future dividends will be paid in accordance with the decisions of the General Meetings of Shareholders.

### Dividend distribution from net profit LW Bogdanka S.A. for 2023

On 28 June 2024, the Ordinary General Meeting of the Company was held, at which the Shareholders adopted a resolution on the distribution of the 2023 profit, according to which the net profit of the Company in the amount of PLN 686,991 thousand was allocated as follows:

- the amount of PLN 85,034 thousand was allocated for dividend,
- the remaining amount, i.e. PLN 601,957 thousand was allocated for the reserve capital of the Company.

### Decision on dividend distribution in LW Bogdanka S.A. for 2024

In 2024, the Company incurred the loss in the amount of PLN 1,504,054 thousand. The Company's Management Board is analysing a recommendation on the method of loss coverage for 2024. The decision is expected in the middle of the second quarter of 2025.

### Dividend paid out from profit in 2022-2024

	2022	2023	2024
Unit net profit for previous year [PLN million]	291.6	175.8	687.0
Total dividend [PLN million]	85.0	87.8	85.0
Dividend per share [PLN]	2.50	2.58	2.50
% of profit allocated for dividend payment	29.2%	49.9%	12.4%
Profit/loss per share [PLN]	8.6	5.2	20.2
Dividend rate	4.4%	6.5%	8.0%





## Governing bodies of LW Bogdanka S.A. - Management Board

### Management Board

#### Appointment and dismissal of Management Board Members

Pursuant to the Company's Articles of Association, Management Board Members or the entire Management Board are appointed and dismissed by the Supervisory Board. When appointing Management Board Members, the Supervisory Board adheres in particular to the provisions of §17(2) and (3) as well as §19(4) and (5) of the Company's Articles of Association, and the principles resulting from mandatory provisions of the law. The appointment and dismissal of the Company's President of the Management Board and Vice-Presidents of the Management Board are regulated by the Articles of Association of LW Bogdanka S.A.

With regard to the right to decide on the issue or redemption of shares, the provisions of the Commercial Companies Code apply.

Members of the Management Board are appointed for a joint term of office of three consecutive years. Mandates of the Management Board Members commence upon their appointment and expire on the date of the General Meetings of Shareholders approving the financial statements for the most recent full financial year of discharging their function, or on the date of dismissal, resignation or death of the Management Board Member.

Pursuant to the Articles of Association of LW Bogdanka S.A., each Management Board Member can be dismissed or suspended by the Supervisory Board.

#### Responsibilities and powers

Pursuant to the Articles of Association, the Management Board manages the Company's activity and represents it externally. The By-laws adopted by the Management Board and approved by the Supervisory Board specify the

detailed organisation of the Management Board's work. In the course of discharging their responsibilities, Management Board Members are required to follow the Company's Articles of Association and the DPSN principles that the Company has committed to.

The Management Board is vested with managing all the Company's business not reserved by provisions of the law or provisions of the Articles of Association for the General Meetings of Shareholders or the Supervisory Board.

Individual members of the Management Board manage the individual areas of the Company's operations assigned to them, and the President of the Management Board directs the work of the Management Board. Management Board resolutions shall be required for all issues exceeding the scope of the Company's ordinary business.

Subject to the powers of other corporate bodies of LW Bogdanka S.A., the following matters require a resolution to be adopted by the Management Board, in particular:

- adoption of the bylaws of the Management Board
- adoption of the organisational bylaws of the Company's enterprise
- establishing and liquidating branches
- appointing commercial proxies and authorisation of attorneys-in-fact, except for attorney's ad litem, whereby the appointment of a commercial proxy requires consent of all Management Board members
- adoption of the material and financial plan, including the investment plan
- granting by the Company of guarantees, property and bill of exchange sureties
- issue and acceptance of bills of exchange of the net value in excess of PLN 200,000 (say: two hundred thousand Polish zloty)
- performance of other legal activities that may result in assuming a liability or acquisition, sale or encumbrance of non-current assets, of the total net value in excess of PLN 200,000 (say: two hundred thousand Polish zloty)
- matters referred by the Management Board to be examined by the Supervisory Board, the Shareholder Meeting or the ENEA Group Committees.

The Company's Management Board ensures transparency and effectiveness of corporate governance and handles its matters in accordance with the law and best practices. The Management Board presents to the Supervisory Board regular and exhaustive information about all the important matters pertaining to LW Bogdanka S.A.'s activity as well as about the risks associated with the Company's operations and how these risks are managed.

Two Management Board members acting jointly or a Management Board member acting with a commercial proxy are authorised to make statements of intent on behalf of the Company. The consent of all Management Board Members shall be required for the appointment of a commercial proxy. Any member of the Management Board may revoke the commercial power of attorney.

#### Information about meetings of the Management Board and the resolutions adopted

In 2024, 70 minuted meetings of the Management Board took place, in which 1,338 resolutions were adopted, including 4 resolutions adopted by means of electronic communications.

Decisions made by the Management Board in the form of resolutions were based on:

- provisions of the Commercial Company Code,
- the Company Articles of Association,
- the Supervisory Board Bylaws,
- the Management Board Bylaws,
- rules set forth in the resolutions of the General Meeting of Shareholders,
- Procedures for the preparation and circulation of documents submitted to the meetings of the Management Board of LW Bogdanka S.A.

#### Information on significant issues addressed by the Management Board in 2024

During its meetings in 2024, the Management Board monitored the Company's economic and financial position and the situation on the coal market on an ongoing and cyclical basis and took the necessary decisions in this regard, including: coal production, terms and conditions of trade and coal prices, OHS, environmental protection,

concessions, repair of mining damage, purchasing and procurement, property purchase, human resources and employment, salaries, adoption of internal regulations, adoption of plans and audit and inspection reports, risk updates, ESG area, amendments to the CBA, supervision of investments

When fulfilling its reporting obligations, the Management Board

- adopted the reports for 2023, including the financial statements, the consolidated financial statements of the LWB Group, the report of the Management Board on the activities of the Company and the LWB Group and the consolidated report on payments to public administration of the LWB Group.
- approved the quarterly consolidated statements
- approved the Consolidated semi-annual report of the LW Bogdanka Group for H1 2024.

In addition, the Management Board approved, among others:

- LWB Technical and Economic Plan for 2024
- Regulations for the Coordination of External Audits Regulations for the sale of coal
- Organisational Regulations
- ESG Management Procedure
- Policy on respect for human rights and diversity in the LW Bogdanka Group
- Compliance policy of LW Bogdanka S.A.
- update of the Company's Accounting Policy
- update of the Project Management Methodology
- control procedures
- adoption of the document entitled "LW Bogdanka S.A. Sponsorship Activity Strategy for 2025-2026".

The Management Board applied to the Supervisory Board for, among other things:

- adoption of the reports for the financial year 2023,
- issuing the opinion on the Technical and Economic Plan

#### Information about commercial proxies appointed and revoked in 2024

- the commercial proxy of Mr Adam Laskowski, Mr Tomasz Bryk, was dismissed
- the proxy was established for Mr Paweł Kraszewski.

# Members and changes in the composition of the Management Board of LW Bogdanka S.A

## Personal composition

Pursuant to the Company's Articles of Association, the Management Board consists of 3 to 7 members, including the President and the remaining members of the Management Board. At present, the Management Board of LW Bogdanka S.A. consists of four members.

## Composition of the Management Board as at 31 December 2023:

- Kasjan Wyligala - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Human Relations and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments

## Composition of the Management Board as at 31 December 2024:

- Zbigniew Stopa - President of the Management Board
- Bartosz Rożnawski - Vice-President of the Management Board, Production
- Mr. Sławomir Krenczyk - Vice-President of the Management Board, Development
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs

## Period in office

1 January 2024 to 15 April 2024

Changes in the composition of the Management Board:

15 April 2024 to 30 April 2024

Changes in the composition of the Management Board:

1 May 2024 to 31 December 2024

1 January 2025 to the Report publication date

## Personal composition

- Kasjan Wyligala - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Human Relations and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments

On 15 April 2024 the Company's Supervisory Board adopted resolutions to dismiss from the Company's Management Board Mr. Kasjan Wyligala - President of the Management Board and Mr. Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments as of the adoption of the resolutions, while Mr. Adam Partyka - Vice-President of the Management Board, Human Relations and Social Affairs, was dismissed as of 30 April 2024.

In addition, the Company's Supervisory Board, adopted a resolution to second to temporarily perform the activities of the Company's President of the Management Board, Mr. Sławomir Krenczyk - Member of the Supervisory Board of the Company, until the date of the appointment of the President of the Management Board, but no longer than 15 July 2024.

- Sławomir Krenczyk - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Human Relations and Social Affairs

On 25 April 2024, the Company's Supervisory Board adopted resolutions to appoint as of 1 May 2024:

- Mr. Zbigniew Stopa to the position of President of the Management Board
- Mr. Bartosz Rożnawski to the position of Vice-President of the Management Board for Production
- Mr. Sławomir Krenczyk to the position of Vice-President of the Management Board for Development for the joint term of office, which commenced on 24 June 2022.

- Zbigniew Stopa - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Mr. Sławomir Krenczyk - Vice-President of the Management Board, Development
- Bartosz Rożnawski - Vice-President of the Management Board, Production

- No changes in the composition of the Management Board of LW Bogdanka S.A.

## Composition of the Management Board LW Bogdanka S.A. as at 09 April 2025.



**Zbigniew Stopa - President of the  
Management Board (in office since 1 May 2024)**

### Education

He is a graduate of the Faculty of Mining at the AGH University of Science and Technology in Kraków, a recognized manager and an underground mining expert and specialist. In 1997 he completed postgraduate studies of occupational health and safety management at the Central Mining Institute in Katowice. He participated in many specialised training activities and courses (basic economics, human resources management, finance for managers) and completed a course for candidates for supervisory board members of State Treasury companies.

### Experience

Almost the entire professional career of Mr. Zbigniew Stopa has been associated with the mining industry and Lubelski Węgiel Bogdanka S.A., where he worked at all levels of the company. From 1984 to 1985 he did an underground internship and between 1985 and 1987 he worked as an underground miner-supervisor. In February 1987 he took the position of underground shift foreman and, at the end of the same year, he became underground branch foreman.

From 1991 to 2006, he served as an Underground Mining Superintendent. From May to December 2006 he was the Manager of the Mining Work Department at the Nadrybie Field.

Mr. Zbigniew Stopa holds the following qualifications approved by the Mining Inspectorate: Mining Department Manager (1997), Senior Supervisor (1991). In 2007 he was appointed by the President of the State Mining Authority to the Mining Safety Commission at the State Mining Authority in Katowice.

From 2006 to 2012 he held the position of Vice-President - Production Director, and then from 2012 to 2016 - President of the Management Board of LW Bogdanka S.A.

**As the President of the Management Board, he organises and supervises the Company's activities, in particular with regard to:**

- Providing information and reports to investors, shareholders and stock exchange institutions,
- Implementation of the LW Bogdanka S.A. strategy, and long-term plans of the Company and the implementation of strategic management and project management in the Company,
- Market analysis,
- Communication policy and cooperation with the media,
- Corporate social responsibility, sustainability and ESG projects,
- Activities related to maintaining and improving the compliance system,
- Organisation of the enterprise,
- Service of the Company bodies,
- Human resources and personnel policy,
- Payroll and insurance policies,
- Legal services for the Company,
- Privatisation, restructuring of the Company,
- Internal structural and ownership transformations.

- Promotion and marketing activities,
- Risk management,
- The Company's internal audit,
- Occupational health and safety issues,
- The Company's security policy, the protection and security of CI,
- Defence matters,
- Company Archives and General Registry,
- Administrative and economic policy,
- Cooperation with trade union organisations,
- Protection of classified Information,
- Cooperation with members of the Company's Management Board in the preparation of development concepts, multi-annual economic plans and production development plans.



**Artur Wasilewski - Vice-President of the  
Management Board, Economic and Financial  
Affairs**

### Education

In 1998, Mr. Wasilewski graduated from the Lublin University of Technology, majoring in Management and Marketing; in 2000 he completed postgraduate studies in Corporate Finance and Capital Market, and in 2003 - the Master of Business Administration programme at University of Warsaw & University of Illinois. Participant of numerous training courses on finance and reporting under IAS/IFRS. Member of Supervisory Boards of capital companies.

### Experience

From 1998 to 2000, Mr. Wasilewski worked as a financial analyst for the consulting company "DEMOS" Sp. z o.o. gaining experience in analysis and valuation of businesses, advisory on the introduction of efficiency solutions and preparation of privatisation reports for the Ministry of State Treasury.

Associated with Lubelski Węgiel Bogdanka S.A. since 2000, Mr. Wasilewski progressed in his professional career from a Financial Analyst, through Manager of the Planning and Analyses Department to the position of the Chief Economist. From 2013, he served as Director of Controlling, and in 2018 he assumed the position of Director of Controlling and Finance. Vice-President of the Management Board for Economic and Financial Affairs as from 8 October 2018.

**Vice-President of the Management Board for Economic and Financial Affairs is responsible for the Company's activities in particular with respect to:**

- The Company's financial management,
- Economic and financial analyses,
- Reporting and statistics,
- Budgeting and controlling,
- Oversight of the Company's value management,
- Oversight of the financial and accounting functions,
- Oversight of bookkeeping and settlements with business partners,
- Cost-effectiveness of investment ventures,
- Development of principles for the management of short-term securities,
- Deployment of the ICT infrastructure in the Company,
- Asset stock taking and management,
- Cost estimation,
- Process planning and monitoring for: procurement, investments, logistics,
- Personnel welfare matters,
- Personal data protection.

## Composition of the Management Board LW Bogdanka S.A. as at 9 April 2025



**Bartosz Rożnawski** - Vice-President of  
the Management Board, Production  
(in office since 1 May 2024)

### Education

Mr. Rożnawski is a graduate of the Stanisław Staszic AGH University of Science and Technology in Kraków with a degree in Engineering, specializing in Environmental Geophysics and Mining and Geology. At the AGH University of Science and Technology he also completed post-graduate studies in Value Based Management in Mining Companies. He holds a Master of Business Administration (MBA) degree in Management from WSB University in partnership with EY Academy of Business.

He started his professional career in 2006 as an intern at Lubelski Węgiel Bogdanka S.A. and after a year continued as a shift foreman. From 2010 to 2012, he was employed as a branch foreman of the mining branch.

In 2017 he was entrusted with the position of Mining Department Manager, and in 2020, the position of Deputy Mining Operations Manager. From July 2020 to the end of April 2024 he was a Member of the Supervisory Board of LW Bogdanka S.A.

### Experience

He has been associated with Lubelski Węgiel Bogdanka S.A. since 1985. From June 2014, he was the Deputy Chairman of the Trade Union NSZZ "Solidarność". In 2007-2014, he served as an Underground Mining Superintendent. In the years 2006-2012 he acted as a Member of Supervisory Board of LW Bogdanka S.A. From April 2016 to June 2022, he acted as the Vice-President of the Management Board for Employee and Social Affairs at LW Bogdanka S.A., since July 2022, appointed for another term of office of the Management Board.

The Vice-President of the Management Board for Production organises and supervises the Company's activities, in particular with regard to:

- Production capacity maintenance and development,
- Deposit management planning,
- Mining and production of commercial coal,
- Innovation, research and implementation,
- Operational planning,
- materials management,
- Internal logistics,
- Environmental protection,
- Mining damages,
- Organisation and planning of production and development of the mine,
- Cooperation with members of the Company's Management Board in the preparation of development concepts, multi-annual economic plans and production development plans,
- Controlling of technical and production activities at the mine, analysis of technical progress and implementation of modern solutions in terms of their innovation.



**Sławomir Krenczyk** - Vice-President of  
the Management Board, Development (in office  
since 1 May 2024)

### Education

He graduated from the Faculty of Law at the Catholic University of Lublin, and completed postgraduate studies at the Warsaw School of Economics (SGH), the University of Commerce and Services (WSHUI) in Poznań (Executive MBA) and the University of Social Sciences (SAN) in Łódź (doctoral seminar). He has experience as a university lecturer. He is preparing his doctoral thesis in the field of quality and management science.

### Experience

He gained managerial experience in public companies, as well as managing foundations and projects. At the level of representation bodies, he was responsible for legal and organisational, communications and marketing, and development areas, among others. He has held director's and management positions in public companies in the areas of communications, marketing and community relations. As part of his business activities, he has implemented consulting and training projects for local and international entities in the energy and raw materials industry.

He was responsible for the energy and climate programme of the Warsaw Security Forum, coordinating high-level experts from Poland, the US, the EU and Ukraine. He is the author and co-author of reports and publications on the energy transition, and has participated in public industry debates. In the debates, he points in particular to the importance of aspects of industrial competitiveness and security of energy supply.

In 2015, he was a member of the project team responsible for the acquisition of a controlling stake in LW Bogdanka by Enea S.A. On the parent shareholder side, he was responsible for the processes of integrating the mining company into the energy and resources group. In 2019-2020, he served as Bogdanka's Management Board representative and as the company's public relations director.

**The Vice-President of the Management Board for Development organises and supervises the Company's activities, in particular with regard to:**

- Tenders, purchases, sourcing and analyses
- Public tenders and strategic purchases
- Internal tenders and operational purchases
- Supplies and warehouses
- Investment planning and implementation
- Machine deliveries
- Coal sales
- Customer relations
- Sales logistics
- Market development
- Railway transport
- Railway traffic and transport
- Rolling stock maintenance
- Railway infrastructure maintenance
- Railway audit
- Business diversification projects.



## Members of the Management Board in office until 15 April 2024



**Kasjan Wyligała - President of the Management Board**

### Education

In 2014, Kasjan Wyligała graduated from the Faculty of Law and Administration, University of Warsaw, majoring in law. He also completed postgraduate Executive Master of Business Administration studies at the Institute of Economics, Polish Academy of Sciences, the "Enterprise Finance Management" programme at the Warsaw School of Economics and the Executive MBA in Innovation Management program at Queen Hedvig Academy.

### Experience

Mr. Kasjan Wyligała has many years of experience in the corporate bodies of commercial companies, including public and foreign corporations, gained while serving on management and supervisory boards. Mr. Wyligała has been involved in the mining industry since 2016, when he joined the Industrial Development Agency, first as Advisor to the President of the Management Board and then as Director of the Strategic Analyses Office.

Starting in 2017, he worked for one of the world's largest non-ferrous metals mining companies - KGHM Polska Miedź S.A. in leading management positions, including Chief Corporate Governance Officer and Director of the Asset Management Department.

**As the President of the Management Board, he organised and supervised the Company's activities, in particular with regard to:**

- Providing information and reports to investors, shareholders and stock exchange institutions,
- Implementation of the LW Bogdanka S.A. strategy and long-term plans of the Company and the implementation of strategic management and project management in the Company,
- Market analysis,
- Communication policy and cooperation with the media,
- Corporate social responsibility, sustainability and ESG projects,
- Activities related to maintaining and improving the compliance system,
- Organisation of the enterprise,
- Service of the Company bodies,
- Legal services for the Company,
- Privatisation, restructuring of the Company,
- Internal structural and ownership transformations,
- Environmental protection activities,
- Promotion and marketing activities,
- Corporate governance and equity investment,
- Risk management,
- Internal audit in the Company,
- Cooperation with members of the Company's Management Board in the preparation of development concepts, multi-annual economic plans and production development plans.



**Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments**

### Education

In 2002, Mr. Dumkiewicz graduated from the Faculty of Law and Administration of the Maria Curie-Skłodowska University (UMCS) in Lublin, majoring in law; he also completed postgraduate studies in "Project Management and EU Law" organised by the UMCS and the Lublin Development Foundation. In 2018, he was awarded Master of Business Administration at the Lublin University of Technology.

### Experience

Dariusz Dumkiewicz has many years of professional experience in leading development and investment projects. In 2002-2006, he was employed in the Lublin City Hall in managerial positions responsible for implementation of projects financed from EU funds. In 2006, he served as an advisor to the Minister of Labour and Social Policy and as an expert on Eastern Poland Development in the Ministry of Development. In 2007, he became Director of the Strategy and Development Department in the Marshal's Office of the Lubelskie Voivodeship. He was responsible for negotiations with the European Commission and financing of infrastructural investments of strategic importance for the voivodeship.

From 2008, he was a Management Board Member and Vice-President of consultancies providing advisory services to companies, in particular from the energy sector. In 2016, he assumed the position of Director of the Lublin Branch of PSG sp. z o.o, a natural gas distributor in the Polskie Górnictwo Naftowe i Gazownictwo S.A. Group. From 15 October 2018, he acted as the Vice-President of the Management Board for Development at LW Bogdanka S.A. From 24 June 2022, Vice-President of the Management Board for Sales and Investments.

**As the Vice-President of the Management Board for Sales and Investments, he organised and supervised the Company's activities, in particular with regard to:**

- supervising the work of the Departments in the Procurement Director's Division,
- wholesale and dispatch of coal,
- control of sale of commercial coal and quality control of the coal excavated and supervision of the coal preparation plant operations,
- coal storage management,
- supervision of the Rail Transport Department,
- investment planning and implementation.



## Member of the Management Board in office until 30 April 2024



**Adam Partyka** - Vice-President of the  
Management Board, Human Relations and Social  
Affairs

### Education

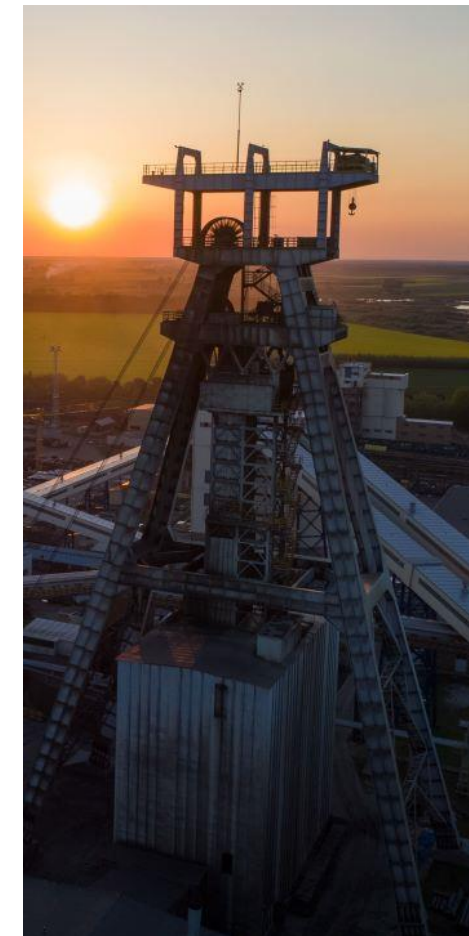
Mr. Partyka graduated from the Lublin University of Technology with a Master's degree in Engineering Applications of Information Technology and completed post-graduate studies at the University College of Enterprise and Administration in Lublin majoring in Accounting and Finance. He completed numerous training courses in auditing, directors and officers responsibility and competences, finance for managers, and courses for members of management boards and supervisory boards.

### Experience

He has been associated with Lubelski Węgiel Bogdanka S.A. since 1985. From June 2014, he was the Deputy Chairman of the Trade Union NSZZ "Solidarność". In 2007-2014, he served as an Underground Mining Superintendent. In the years 2006-2012 he acted as a Member of Supervisory Board of LW Bogdanka S.A. From April 2016 to June 2022, he acted as the Vice-President of the Management Board for Employee and Social Affairs at LW Bogdanka S.A., since July 2022, appointed for another term of office of the Management Board.

**As the Vice-President of the Management Board for Labour and Social Affairs, he supervised the performance of tasks by subordinate organisational units comprising:**

- work of the units reporting to the Technical Director, the Management Board's Representative for Production,
- maintenance and development of production capabilities (including planned future ventures related to the development and modernisation of production in the Company),
- occupational health and safety issues,
- the Company's security policy and protection
- defence matters,
- Company Archives and General Registry,
- administrative and economic policy,
- cooperation with trade union organisations,
- protection of classified Information.



## Rules and level of the remuneration of Members of the Management Board

### Remuneration rules for Members of the Management Board

In 2024, the rules of remuneration for Members of the Management Board of LW Bogdanka S.A. were in force introduced by resolutions of the Extraordinary General Meeting of the Company of 7 March 2017 and 17 October 2019, the Supervisory Board of the Company of 30 July 2018, as amended, and the Remuneration Policy for Members of the Supervisory and Management Bodies at LW Bogdanka S.A. introduced pursuant to the resolution of the Ordinary General Meeting of the Company of 29 July 2020.

All the Members of the Management Board concluded the Agreements for the Provision of Management Services with the Company, pursuant to the Act of 9 June 2016 on the Principles of Remuneration of Persons Managing Certain Companies.

The above mentioned Agreements for the Provision of Management Services concluded by the Company stipulate that:

- during the term of the Agreement for the Provision of Management Services, Members of the Management Board shall receive a fixed monthly remuneration as well as variable supplementary remuneration for the Company's financial year;
- in return for the Management Board Members compliance with their non-competition obligations, over the term of the non-competition clause they shall receive a compensation of a total value equal to the 0.5 times monthly salary multiplied by a factor of 6;
- if the agreement is terminated, the Members of the Management Board shall transfer their responsibilities to the authorised person or persons, including the obligation to personally report at the request of the Company, provide clarifications as requested, as well as ensure reliable provision of

information, documents and items connected with the performance of the Agreement;

- Members of the Management Board are entitled to a severance payment equaling 3-times the fixed monthly salary provided that the Member performed their function for at least 12 months prior to the termination of the Agreement, except for:
  - termination, dissolution or amendment to the Agreement as a result of a change to the function discharged by the Management Board Member,
  - termination, dissolution or amendment of the agreement as a result of appointment of a member of the Management Board for a consecutive term of office,
  - taking up the position of a Member of the Management Board in a company within a capital group within the meaning of Article 4(14) of the Act of 16 February 2007 on competition and consumers protection,
  - resignation.

If a Management Board Member breaches the non-competition clause, they shall lose their right for the subsequent installments of the compensation and shall be liable to pay a contractual penalty to the Company. The managers acquired at their own expense third party liability insurance arising from non-performance or improper performance of the Agreement for the Provision of Management Services.

Relative to the adopted Key Performance Indicators (KPIs), a Member of the Management Board may be awarded an annual bonus (variable remuneration) in the amount of 100% of the base remuneration received in a given year.

The total annual remuneration of LW Bogdanka S.A.'s Management Board Members presented in the table below comprises four elements: fixed remuneration, variable part of the remuneration (the bonus payable on the achievement of the annual targets), severance payment and the non-competition clause compensation.

Full name	Period in office on the Management Board in 2024	Total annual remuneration
Zbigniew Stopa	1 May - 31 December	PLN 416.0 thousand
Artur Wasilewski	1 May - 31 December	PLN 563.5 thousand
Bartosz Rożnawski	1 May - 31 December	PLN 381.4 thousand
Slawomir Krenczyk	1 May - 31 December	PLN 381.4 thousand
Kasjan Wyligala	1 May - 15 April	PLN 494.0 thousand
Dariusz Dumkiewicz	1 May - 15 April	PLN 399.0 thousand
Adam Partyka	1 May - 30 April	PLN 420.0 thousand

In 2024, on the basis of the resolutions adopted on the fulfilment of the Management Objectives, the determination of the Variable Remuneration for 2023 and the failure to discharge of their duties for the financial year 2023, no annual bonus was paid to the members of the Company's Management Board.

Full name	Annual bonus for 2023 (paid in 2024)
Kasjan Wyligala	PLN 0.0 thousand
Adam Partyka	PLN 0.0 thousand
Artur Wasilewski	PLN 0.0 thousand
Dariusz Dumkiewicz	PLN 0.0 thousand

In 2024, non-competition remuneration was paid to the members of the Company's Management Board in the amount of PLN 408.0 thousand.

### The amount of remuneration paid to individual Members of the Management Board in 2024

In 2024, the gross remuneration paid by the Company to the Members of the Management Board (current and former) amounted to PLN 3,055.3 thousand, down by 34.5% y/y (in 2023, PLN 4,665.6 thousand was paid). For the performance of their functions in the Company, Members of the Management Board received remuneration under the agreements for the provision of services.

In 2024, Members of the Management Board did not receive remuneration for performing functions in subsidiaries of LW Bogdanka S.A. In 2024, the total gross remuneration paid by the Company to the commercial proxies amounted to PLN 3,197.4 thousand.

For the performance of their functions in the Company, the commercial proxies received remuneration exclusively under the employment contract.

### Amount of remuneration paid to the individual Members of the Management Board in 2024 under employment contracts.

Members of the Management Board are employed under the agreements for the provision of management services.

### Changes in remuneration rules after 31 December 2024

After 31 December 2023, there have been no changes to the remuneration rules applicable to Members of the Management Board. A detailed report on the remuneration for 2023, prepared pursuant to Article 90(g)(1) of the Act on Public Offering, will be drawn by the Supervisory Board and presented to the General Meetings of Shareholders for their opinion.

## Governance bodies of LW Bogdanka S.A. - Supervisory Board

### Supervisory Board

#### Appointment and dismissal of Supervisory Board members

The appointment and dismissal of the Company's Supervisory Board members is regulated by the Articles of Association of LW Bogdanka S.A. Pursuant to the Articles of Association, the Supervisory Board consists of five to nine members. Supervisory Board Members shall be appointed or dismissed by the Shareholder Meeting, for a joint term of office, which lasts three years. The State Treasury, represented by the Minister of State Assets, is authorised to appoint one Supervisory Board Member. A Supervisory Board Member may be dismissed by the Shareholder Meeting at any time. If a Supervisory Board Member resigns from their function, they should address a written resignation to the Management Board, with a copy to the Supervisory Board.

Mandates of the Supervisory Board members shall expire on the date of the Shareholder Meeting approving the activity report and the financial statements for the most recent full year of discharging the function of a Supervisory Board Member.

#### Personal composition

The Supervisory Board of LW BOGDANKA S.A. is appointed for a joint term of three years. The Supervisory Board Members of the Parent Company are appointed and dismissed by the General Meetings of Shareholders.

#### Description of activities

The Supervisory Board conducts continuous oversight over the Company's operations in all areas of its activity. The Board adopts resolutions on issues stipulated in the Commercial Company Code and the Company's Articles of Association.

#### Except for the competence arising from the mandatory provisions of the law, the powers of the Supervisory Board comprise:

- evaluation of the Management Board's report on the Company's activity, financial statements for the previous financial year, as well as evaluation of the Management Board's report on the activities of the Group, and the consolidated financial statements of the Group, if they are drawn up
- selection of the statutory auditor to audit the Company's financial statements and the consolidated financial statements of the Group
- evaluation of the Management Board's motions on the distribution of net profit or coverage of net loss
- presentation to the Shareholder Meeting of an annual written statement on results of the evaluation referred to in items 1 and 3
- adoption of by-laws defining in detail the procedure of operation of the Supervisory Board
- adoption of a consolidated text of the Company's Articles of Association, prepared by the Management Board
- granting consent to the payment to shareholders of an advance towards an anticipated dividend
- adoption of the Rules and Regulations on the appointment and dismissal of Supervisory Board members elected by the Company's employees
- appointment and dismissal of the Management Board Members, including the President of the Management Board
- determining the remuneration of the Management Board Members
- suspension of Management Board Members in their duties
- delegating Supervisory Board Members, for a period no longer than three months, to temporarily perform the duties of Management Board Members who have been dismissed, resigned or who cannot perform their duties for any other reason
- granting consent authorizing Management Board members to assume positions in corporate bodies of other companies
- approval of material and financial plans, multi-annual development plans and area strategies adopted by the Management Board
- granting consent to purchase or disposal of non-current assets of the value of above PLN 20,000,000
- representing the Company in contracts and disputes between the Company and Management Board Members
- granting consent to conclusion by the Company of a material agreement with a shareholder holding at least 5% of the total number of votes in the company or with a related entity. A material agreement as referred to in the preceding sentence is an agreement whose value on its conclusion date is in excess of 10% of the Company's consolidated equity, determined based on the most recent financial statements published by the Company. This condition does not apply to typical transactions concluded on an arm's length basis in the course of the Company's operation, entered by the Company with entities from the Company's Group.
- giving consent to conclude:
  - a) agreements for legal services, marketing services, public relations and social communications services as well as management advisory services, if the amount of the total fee stipulated for the services in such agreement or other agreements concluded with the same entity is in excess of PLN 500,000 annually
  - b) amendments to agreements for legal services, marketing services, public relations and social communications services as well as management advisory services increasing the fee referred to above to an amount in excess of PLN 500,000 annually
  - c) agreements for legal services, marketing services, public relations and social communications services as well as management advisory services which do not stipulate the maximum amount of the fee for the services
  - d) agreements on donations or other agreements with a similar effect, of the value in excess of PLN 20,000 or 0.1% of the assets in the meaning of the Accounting Act of 29 September 1994, determined based on the most recent approved financial statements

- e) agreements cancelling debts or another agreement with a similar effect, of the value in excess of PLN 50,000 or 0.1% of the assets in the meaning of the Accounting Act of 29 September 1994, determined based on the most recent approved financial statements
- giving opinion on the report on representation expenditures submitted by the Management Board to the General Meeting, as well as on expenditure on legal services, marketing services, public relations and social communications services as well as management advisory services, and on the report on Best Practices, as referred to in Article 7(3) of the Act of 16 December 2016 on the Rules for Managing State Property, including the Management Board report on the Company's activities in the previous financial year
- issuing opinions on any matters presented by the Management Board for examination by the General Meetings of Shareholders.

The procedures of the Supervisory Board's work, including the rules of convening its meetings, are defined in detail in the Supervisory Board By-laws, adopted by the Supervisory Board. In its work, the Supervisory Board also follows the Best Practices of Companies Listed at the Warsaw Stock Exchange.

The Board may appoint standing or ad hoc committees from among its members. The Audit Committee is a standing committee of the Supervisory Board. It was the only committee of the Supervisory Board in the Company in 2024.

## Composition of the Supervisory Board of LW Bogdanka S.A.

### Composition of the Supervisory Board as at 31 December 2023:

- Anna Chudek - Chairwoman of the Supervisory Board
- Szymon Jankowski - Secretary of the Supervisory Board
- Dariusz Batyra - Member of the Supervisory Board
- Piotr Breś - Member of the Supervisory Board
- Krzysztof Gigol - Member of the Supervisory Board
- Bartosz Piechota - Member of the Supervisory Board
- Bartosz Rożnawski - Member of the Supervisory Board
- Kamil Szafrąński - Member of the Supervisory Board
- Grzegorz Wróbel - Member of the Supervisory Board.

### The Supervisory Board had the above composition until 1 March 2024

### Changes in the personal composition of the Supervisory Board in 2024:

- On 1 March 2024, the Management Board of LW Bogdanka S.A. received a statement from the Minister of State Assets on the dismissal of a member of the Supervisory Board, Mr. Grzegorz Wróbel.
- On 12 April 2024, the Extraordinary Shareholder Meeting of the Company adopted resolutions on the dismissal of Ms. Anna Chudek, Mr. Szymon Jankowski, Mr. Krzysztof Gigol, Mr. Piotr Breś, Mr. Kamil Szafrąński, Mr. Bartosz Piechota.
- At the same time, on the same day, the Extraordinary Shareholder Meeting of the Company adopted resolutions to appoint Mr. Bartosz Krysta, Mr. Szymon Jankowski, Mr. Sławomir Krenczyk, Ms. Magdalena Makiela, Mr. Daniel Frąć and Mr. Paweł Cygan to the Company's Supervisory Board.

- On 29 April 2024, the Company's Management Board received notices of resignation from discharging the roles of Supervisory Board members from Mr. Bartosz Rożnawski, effective as of 29 April 2024, and from Mr. Sławomir Krenczyk, effective as of 30 April 2024. The resignations are due to the appointment of Mr. Bartosz Rożnawski and Mr. Sławomir Krenczyk to the positions on the Management Board of Lubelski Węgiel Bogdanka S.A.
- On 20 May 2024, the Company's Management Board received notices of resignation from discharging the roles of Supervisory Board member from Mr. Dariusz Batyra. The resignation is due to a change in the reporting line of the position held by Mr. Dariusz Batyra, i.e. Chief Engineer, Mining Operations Manager, within the organisational structure of the Company.
- On 20 May 2024, the organisational unit employing Mr. Dariusz Batyra was transferred to the area reporting directly to the Vice-President of the Management Board for Production. Pursuant to Article 387 of the Commercial Company Code, a supervisory board member may not be directly subordinate to a management board member.
- On 28 June 2024, the Company's Ordinary Shareholder Meeting, as a result of resolutions adopted, appointed Mr. Robert Wietrzyk and Mr. Paweł Wójcik to the Company's Supervisory Board, for a joint three-year term, as members of the Supervisory Board, who were elected by the Company's employees on 8 May 2024, through elections held in accordance with § 16.1 of the Company's Articles of Association.

### Composition of the Supervisory Board as at 31 December 2024 and as at the date of publication of the Report

- Bartosz Krysta - Chairman of the Supervisory Board
- Szymon Jankowski - Secretary of the Supervisory Board
- Paweł Cygan - Member of the Supervisory Board
- Daniel Frąć - Member of the Supervisory Board
- Magdalena Makiela - Member of the Supervisory Board

- Robert Wietrzyk - Member of the Supervisory Board
- Paweł Wójcik - Member of the Supervisory Board

### Changes in the composition of the Supervisory Board after the balance sheet date until the date of publication of the Report:

No changes in the composition of the Supervisory Board of LW Bogdanka S.A. took place.

### In 2024, the Supervisory Board adopted resolutions on, among others:

- approval of the Technical and Economic Plans for 2024
- approval of the Audit Plan for 2024
- giving consent to training of the Presidents
- commencement of the procedure, selection of a candidate and appointment of the President of the Management Board, Vice-President of the Management Board for Production and Vice-President of the Management Board for Development of Lubelski Węgiel Bogdanka S.A.
- determining the content of the agreement for the provision of management services and authorising a Member of the Supervisory Board to conclude agreements for the provision of management services with members of the Company's Management Board on behalf of the Company
- evaluation of the financial statements and the Management Board report for 2023
- giving consent for conclusion of sponsorship agreements
- ordering the election of Supervisory Board members elected by the employees of the Company
- approval of donations
- evaluation of the Management Board's motion to distribute the net profit earned in the financial year 2023
- giving consent for conclusion of sales agreements
- initiating the procedure for the selection of an audit company for Lubelski Węgiel Bogdanka S.A., laying down the terms and conditions of participation in the procedure and the criteria for assessment of the offers for the audit of the

Company's financial statements, approval of conducting the procedure jointly with Lubelski Węgiel Bogdanka S.A.'s subsidiaries and with ENEA S.A. and its subsidiaries, approval of the contents of the announcement, and approval of granting ENEA S.A. a power of attorney to prepare and conduct the procedure

### Attendance of members at meetings of the Supervisory Board

	2023	2024
Krysta Bartosz	-	8/8
Jankowski Szymon	9/9	11/11
Cygan Paweł	-	8/8
Frąć Daniel	-	8/8
Makiela Magdalena	-	8/8
Wietrzyk Robert	-	7/8
Wójcik Paweł	-	8/8
Krenczyk Sławomir		4/4
Batyra Dariusz	9/9	7/7
Chudek Anna	9/9	3/3
Gigol Krzysztof	9/9	3/3
Wróbel Grzegorz	9/9	3/3
Rożnawski Bartosz	9/9	3/3
Piechota Bartosz	7/7	3/3
Breś Piotr	1/2	3/3
Szafrąński Kamil	2 / 2	3/3
Jakubaszek Marcin	7 / 7	-
Knipfelberg Bożena	6/7	-
Rak Zbigniew	3 / 3	-



## Composition of the Supervisory Board of LW Bogdanka S.A.

### **Bartosz Krysta - Chairman of the Supervisory Board**

PhD in economics, an expert with 27 years of experience in trade and sales development in energy companies. Specialist in the area of district heating, asset optimisation, portfolio management, wholesale of electricity and related instruments, as well as controlling and risk management.

He began his career in 1997 at the Upper Silesian Power Company. Throughout his professional life, he has set the direction of trade and sales development in key companies in the energy market, such as Vattenfall, Tauron, Enea and Veolia.

From 2001 to 2012, he worked at Vattenfall Sales Poland, holding managerial positions in controlling, sales portfolio and pricing. From 2012 to 2014, he was head of the Pricing and Risk Measurement Department at Tauron Polska Energia, where he was responsible for the implementation and development of an innovative commercial risk measurement and control system.

From 2014 to 2016, he served as Management Board Member for Portfolio Management and then as President of the Management Board at Enea Trading, responsible for the company's strategic and operational management. At Zarmen Energia, from 2017 to 2018, as President of the Management Board and Managing Director, he created from scratch an organisation for the wholesale trading of electricity and related instruments.

From 2019 to 2024, he has been associated with the Veolia Group.

At Veolia Energia Warsaw, he served as Management Board Member and Sales Director. There, he was responsible, among other things, for the concept and implementation of the integration of commercial areas across the Veolia Group, the organisation and automation of the

connection process and the implementation of risk management tools and development of commercial activities in the area of heating projects and products.

Since 1 March 2024, he has served as Management Board Member for Sales at ENEA S.A.

Graduate of the Silesian University of Technology and postgraduate studies in the management of electricity trading and distribution companies. He received his doctoral degree in economics in 2010 from the Department of Finance and Insurance at the University of Economics in Katowice. He holds domestic and foreign certificates for training programmes in energy, finance and management practices.

### **Szymon Jankowski - Secretary of the Supervisory Board**

Mr. Jankowski graduated from the Poznań University of Economics and Business, Management Faculty, majoring in Management and Marketing. He also completed Postgraduate Studies at the Poznań University of Economics and Business in the field of Business Law and Postgraduate Studies at the WSB University in Poznań in the field of Renewable Energy Sources. He developed his competences through training in corporate governance and financial analysis of enterprises. He took a course for candidates for supervisory board members in State Treasury companies, completed with an examination and a diploma. He has been professionally connected with the commercial power sector for over 30 years. Since 1999 he has been supervising the companies of the ENEA Group in various positions, most recently as the Head of the Corporate Supervision Department. Mr. Jankowski has experience in supervising capital companies in the energy, services and IT sectors - he was a member of the supervisory board of, among others, Enea Operator sp. z o.o., Enea Centrum sp. z o.o., BHU S.A., Energetyka Poznańska Zakład Transportu sp. z o.o., ITSERWIS sp. z o.o. He currently serves as the Secretary of the LW Bogdanka S.A. Supervisory Board.

### **Paweł Cygan - Member of the Supervisory Board (independent member)**

He is a graduate of the School of Business - National Louis University in Nowy Sącz, a member of ACCA, a Certified Auditor. He holds an MBA in Financial Management from the University of Hull in the UK.

He gained professional experience at Arthur Andersen / Ernst & Young in the area of financial audit and business consulting, then from 2004 he worked at Vattenfall, where he was responsible for the development and management of internal audit and business consulting and supervision of key projects in the area of electricity sales and distribution. From 2008 to 2016, Vice-President of the Management Board, Chief Financial Officer of TAURON Dystrybucja and Chairman of the Supervisory Boards of its subsidiaries, including responsibility for dozens of optimisation projects, M&A and implementation of key IT systems. In 2014, he was recognised in the large enterprise category of the 2013 CFO of the Year competition organised by ACCA, Forbes and Euler Hermes, among others, "for the CFO's extensive involvement in the company's difficult and complex processes and for his influence in shaping the company's corporate culture". In 2010-2012, he represented the Polish Electricity Committee and the Polish Society for Transmission and Distribution of Electricity at Eurelectric as part of the task force on the EU budget after 2013. From 2016 to 2017, a management board member, CFO at the Ożarów Group, and since 2017, managing director, management board member at Kirchhoff Automotive Poland, responsible for the overall operations of the company.

### **Daniel Frąc - Member of the Supervisory Board (independent member)**

He is a graduate of the Warsaw University of Technology's Faculty of Transportation, a graduate of Lublin University of Technology's Faculty of Management and Fundamentals of Technology, where he studied Management and Marketing, and a graduate of the Faculty of Mechanical Engineering. A post-graduate Master

of Business Administration programme at the University of Illinois at Urban-Champaign. He is competent in corporate governance, the Commercial Company Code and corporate financial analysis. He took a course for candidates for supervisory board members in State Treasury companies, completed with an examination and a diploma issued by the Minister of State Treasury.

He has many years of experience in managerial positions obtained at international financial institutions, specialising in financial solutions for corporate entities and hedge accounting.

### **Magdalena Makieła - Member of the Supervisory Board (independent member)**

Advocate, doctor of legal sciences, arbitrator, mediator, Vice-of the Court of Arbitration at the Chamber of Commerce and Industry in Kraków, Advisory Board Member at the European Criminal Bar Association. Trainer in the field of business mediation, speaker at numerous seminars and conferences on such topics as business mediation.

Graduate of the Faculty of Law and Administration of the Jagiellonian University in Kraków.

She earned her doctorate at Alma Mater in the department of public international law. She completed an advocate trainee program. Owner of an advocate firm in Kraków with many years of experience in litigation and nonlitigation, negotiation and mediation. Expert in extradition law. She specialises in business cases, international criminal business cases, and providing services to commercial law companies.



## Composition of the Supervisory Board of LW Bogdanka S.A.

### **Robert Wietrzyk - Member of the Supervisory Board (independent member)**

He has been an employee of LW Bogdanka S.A. since 2009. Currently employed as an underground miner. Completed a post-secondary mining technical school, with a degree of underground mining technician. Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.

### **Paweł Wójcik - Member of the Supervisory Board (independent member)**

Graduate of the Catholic University of Lublin. He majored in administration, graduating in 2006. He has been with LW Bogdanka S.A. since 2007, initially on the surface in the logistics department, and currently an underground worker in the mechanical department as a steel fixer-mechanic. Social Branch Labour Inspector at LW Bogdanka S.A. since 2024. Since April 2023 he has also served as a councilor for the Ślawinek district. Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.

### **Dariusz Batyra - Member of the Supervisory Board (in office until 20 May 2024)**

Completed the Mining Secondary School and the Mining Technical School in Ostrów Lubelski and graduated from AGH University of Science and Technology in Kraków, majoring in Mining and Geology, specialisation: Underground Deposit Mining. He also completed post-graduate studies in Value Based Management in Mining Companies at the Stanisław Staszic AGH University of Science and Technology in Kraków. He has been working for LW Bogdanka S.A. Since 1989, first as a mining school pupil and, since July 2001, as an employee of the Mine. In the coal mine, he went through all career levels, from trainee in the mining department to Manager of the Mining Department in the

Nadrybie field and the Bogdanka field. As of July 2023, in the position of Chief Engineer, Mining Operations Manager, Deputy Technical Director - Management Board Representative for Production Since July 2020, he has been a Member of the Supervisory Board of LW Bogdanka S.A. elected by the employees.

### **Ślawomir Krenczyk - Member of the Supervisory Board (in office until 30 April 2024)**

He gained managerial experience in public companies, as well as managing foundations and projects. At the level of representation bodies, he was responsible for legal and organisational, communications and marketing, and development areas, among others. He has held director's and management positions in public companies in the areas of communications, marketing and community relations. As part of his business activities, he has implemented consulting and training projects for local and international entities in the energy and raw materials industry.

He was responsible for the energy and climate programme of the Warsaw Security Forum, coordinating high-level experts from Poland, the US, the EU and Ukraine. He is the author and co-author of reports and publications on the energy transition, and has participated in public industry debates. In the debates, he points in particular to the importance of aspects of industrial competitiveness and security of energy supply. In 2015, he was a member of the project team responsible for the acquisition of a controlling stake in LW Bogdanka by Enea in 2015. On the parent shareholder side, he was responsible for the processes of integrating the mining company into the energy and resources group. In 2019-2020, he served as a plenipotentiary of the Management Board of Bogdanka and the director of community relations of the Company.

He graduated from the Faculty of Law at the Catholic University of Lublin, and completed postgraduate studies at the Warsaw School of Economics (SGH), the University of Commerce and Services (WSHIU) in Poznań (Executive MBA) and the University of Social Sciences (SAN) in Łódź (doctoral seminar). He has experience as a

company spokesperson and university lecturer. He is preparing his doctoral thesis in the field of quality and management science.

### **Anna Chudek - Chairperson of the Supervisory Board (independent member) (in office until 12 April 2024)**

Ms. Chudek graduated from the Faculty of Law and Administration at Maria Curie-Skłodowska University in Lublin. She completed her judicial training at the Regional Court in Lublin. She completed the following postgraduate programmes: "European Project Management and European Union Law" at Maria Curie-Skłodowska University in Lublin; "Public Procurement" at the University of Warsaw; "Corporate Law" at the University of Warsaw.

She holds the professional title of a legal advisor and is registered in the list of legal advisors at the Regional Chamber of Legal Advisors in Lublin. Since 1993, she has been employed as a legal advisor in the Świdnik City Hall, where she manages the Legal Office. Ms Chudek also works in the Świdnik District Hall as a legal advisor - legal services coordinator. Since 1 March 2007, she has been running her own law firm, which provides legal services to local government units, public administration bodies and commercial law companies, including those from the energy sector.

In 2006-2009, she was a Member of the Supervisory Board of the Polish Radio Regional Broadcasting "Radio Lublin" and, in the period from 3 June 2011 to 25 June 2020, Chairperson of the Supervisory Board of Przedsiębiorstwo Energetyki Ciepłej "PEC" sp. z o.o. in Świdnik.

### **Krzysztof Gigol - Member of the Supervisory Board (independent member, in office until 12 April 2024)**

Mr. Gigol is a graduate of the Faculty of Management at Kozminski University in Warsaw. He completed post-graduate MBA studies at the University of Finance and Management in Warsaw with a very good grade and was awarded the title of Master of Business Administration. He has many years of hands-on experience

in developing sales and business development strategies and managing teams in the energy and industrial sectors. He effectively created new structures and led organizational restructuring processes. Since 2011 he has been involved in modernisation of heating plants and investments in co-generation and renewable energy sources. He implements long-term projects in the broad field of energy in industry and in companies owned by local government units. He has been a member of management boards and held senior managerial positions in energy companies such as Gaspol Energy, Energia Polska, Cogen Energy and Energa Obrót. Expert in energy efficiency and independence, renewable energy sources, and low-emission generation of electricity and heat. He has been involved on a voluntary basis in the work of the Energy Efficiency Development Forum, where he served as an expert, and in the PROZON Climate Protection Foundation as Vice-President of the Management Board. He is the author of articles and papers on energy issues and national energy security.

## Composition of the Supervisory Board of LW Bogdanka S.A.

### **Bartosz Rożnawski - Member of the Supervisory Board (in office until 29 April 2024)**

Mr. Rożnawski is a graduate of the Stanisław Staszic AGH University of Science and Technology in Kraków with a degree in Engineering, specializing in Environmental Geophysics and Mining and Geology. At the AGH University of Science and Technology he also completed post-graduate studies in Value Based Management in Mining Companies. He holds a Master of Business Administration (MBA) degree in Management from WSB University in partnership with EY Academy of Business. He started his professional career in 2006 as an intern at Lubelski Węgiel Bogdanka S.A. and after a year continued as a shift foreman. From 2010 to 2012, he was employed as a branch foreman of the mining branch. In 2017, he was entrusted with the position of Mining Department Manager, which he discharged until March 2023. Since July 2020, he has been a Member of the Supervisory Board of LW Bogdanka S.A.

### **Grzegorz Wróbel - Member of the Supervisory Board (independent member, in office until 1 March 2024)**

Mr. Wróbel graduated from Maria Curie-Skłodowska University in Lublin, majoring in administration. He also completed post-graduate Executive Master of Business Administration studies at the Warsaw Management University. He gained his professional experience in Zakład Gospodarki Komunalnej in Obsza. Since 2011, employed in the Obsza Municipal Office, where he currently holds the position of the Secretary of the Obsza Municipal Office and the position of the Deputy Registrar. Since 2018, he has been a Councilor of the Lubelskie Voivodeship. He was a Member of the Supervisory Board of Miejski

Zakład Komunikacji Sp. z o.o. in Zamość. Currently he is a Member of the Supervisory Board of RC Ekoenergia Sp. z o.o. in Czechowice-Dziedzice.

### **Bartosz Piechota - Member of the Supervisory Board (independent member, in office until 12 April 2024)**

Mr. Piechota graduated from the Faculty of Law and Administration at University of Warsaw and Cardiff University Law School. He also graduated from IESE Business School Barcelona (Advanced Management Programme). Since August 2019, Bartosz Piechota has acted as the Vice-President of the Management Board of Polska Grupa Lotnicza. He holds the professional title of attorney-at-law and is registered on the list of attorneys-at-law at the Regional Bar Council in Warsaw. Since 2010, he was a Partner and Founder of a leading law firm in Poland, specialising in business dispute resolution and restructuring. Previously, he worked at major national and international law firms. Individually recommended by national and foreign rankings (including Legal500) as a specialist in this area. He was a Member and Officer of the International Bar Association. From July 2018 to June 2022, he was a Member of the Supervisory Board of KGHM Polska Miedź S.A. From 2016 to 2019, he was a Member of the Supervisory Board of PLL LOT S.A., and from October 2018 to July 2019, he served as a Member of the Management Board of PLL LOT S.A., on secondment.

### **Piotr Breś - Member of the Supervisory Board (independent member, in office until 12 April 2024)**

He is a graduate of the Faculty of Electrical Engineering at the Lublin University of Technology, majoring in electrical engineering. He completed the post-graduate studies of "Human resource management in keeping with European standards" - Warsaw School of Economics, „Master of Business Administration" at the Lublin Institute of Technology. From 2008 to 2021, he ran a business in the marketing and events industry. From 2014 he was a Lublin City Councilor - Member of the Budget and Economic Commission.

In 2019-2020, he was a Member of the University Council of Lublin University of Technology. From May 2021 - Director of the Lublin Branch of Totalizator Sportowy. He is a member of the Programme Council of Radio Lublin and Chairman of the Social Council of the Prof. Mieczysław Kaczyński Neuropsychiatric Hospital in Lublin.

### **Kamil Szafrąński - Member of the Supervisory Board (in office until 12 April 2024)**

He is a graduate of the Warsaw School of Economics, majoring in Finance and Accounting, specialising in Corporate Finance and Banking. Completed postgraduate eMBA studies at the Warsaw Management University. He gained professional experience in finance and management working for:

- the PGNiG Group in Exalo Drilling S.A.,
- the Lotos Group in Lotos Serwis Sp. z o.o.,
- the Industrial Development Agency Group in Operator ARP Sp. z o.o.

## Rules and level of the remuneration of Members of the Supervisory Board

### Remuneration rules applicable to Supervisory Board of the Company

Supervisory Board Members are entitled to monthly remuneration in the amount set by the General Meetings of Shareholders. The Company covers the costs incurred in connection with the performance of the functions of Supervisory Board Members, in particular the costs of transportation

to Supervisory Board meetings, the costs of

exercise of personal oversight and the costs of accommodation and meals. The remuneration of Supervisory Board Members delegated to temporarily perform the functions of a Management Board Member shall be determined by the Supervisory Board. In the event a Member of the Supervisory Board is delegated to temporarily perform the function of a Management Board Member and is in receipt of the relevant remuneration, they are not entitled to the remuneration as a Member of the Supervisory Board. Remuneration of Supervisory Board Members was set by force of:

- resolution no. 5 of the Extraordinary Shareholder Meeting on 7 March 2017,
- and then amended by force of resolution no. 30 of the Ordinary Shareholder Meeting of 26 June 2017,
- and of resolution no. 4 of the Extraordinary Shareholder Meeting of LW Bogdanka S.A. on 17 October 2019.

In accordance with the resolutions adopted, the monthly remuneration of Supervisory Board members is determined as the product of the basis of assessment referred to in the Act of 9

June 2016 on the Principles of Remuneration of Persons Managing Certain Companies, taking into account the detailed provisions defining its value, multiplied by the factor of:

- for the Chairperson of the Supervisory Board - 2.75
- for the remaining members of the Supervisory Board - 2.75.

Furthermore, pursuant to the regulations of the Enea Group, representatives of the Enea Group on the Company's Supervisory Board do not receive any remuneration.

In 2023, the base amount used to calculate the remunerations of the Supervisory Board Members of LW Bogdanka S.A. did not change, as a result of the entry into force of the Act of 19 December 2022 on the special solutions in support of the execution of the budget act for 2024.

Furthermore, pursuant to the resolution of the Ordinary Shareholder Meeting of 28 June 2024, the Policy of Remuneration of the Members of Management and Supervisory Bodies in LW Bogdanka S.A. was adopted, which stipulated more precise rules of remunerating members of the Company's Supervisory Board.

### Other benefits and sources of remuneration

In 2024, Members of the Supervisory Board of LW Bogdanka S.A. did not receive any remuneration for performing functions on the corporate bodies in subsidiaries.

The Company does not operate pension schemes, nor does it pay any benefits of similar nature to the former members of the management and supervisory bodies.

### The amount of remuneration paid to individual Members of the Supervisory Board in 2024

In 2024, the total gross remuneration paid to the members of the Supervisory Board for their functions in the Company amounted to PLN 511.4 thousand, down by 7.4% y/y (in 2023 it amounted to PLN 552.1 thousand).

### Supervisory Board members in office in 2024:

Full name	Period in office in 2024	Remuneration
Szymon Jankowski	01 January 2024 - 31 December 2024	PLN 71.5 thousand
Dariusz Batyra	01 January 2024 - 20 May 2024	PLN 32.6 thousand
Bartosz Rożnawski	01 January 2024 - 29 April 2024	PLN 29.0 thousand
Anna Chudek	01 January 2024 - 12 April 2024	PLN 26.0 thousand
Grzegorz Wróbel	01 January 2024 - 01 March 2024	PLN 18.8 thousand
Krzysztof Gigol	01 January 2024 - 12 April 2024	PLN 26.0 thousand
Bartosz Piechota	01 January 2024 - 12 April 2024	PLN 26.0 thousand
Kamil Szafrąński	01 January 2024 - 12 April 2024	PLN 26.0 thousand
Piotr Bręś	01 January 2024 - 12 April 2024	PLN 26.0 thousand
Paweł Cygan	12 April 2024 - 31 December 2024	PLN 45.6 thousand
Daniel Frąc	12 April 2024 - 31 December 2024	PLN 45.6 thousand
Magdalena Makiela	12 April 2024 - 31 December 2024	PLN 45.6 thousand
Sławomir Krenczyk	12 April 2024 - 30 April 2024	PLN 28.3 thousand
Bartosz Krysta	12 April 2024 - 31 December 2024	PLN -
Robert Wietrzyk	28 June 2024 -31.12.2024.	PLN 32.2 thousand
Paweł Wójcik	28 June 2024 -31.12.2024.	PLN 32.2 thousand

## Governing bodies of LW Bogdanka S.A.

### Audit Committee

The Audit Committee is a collegiate advisory and opinion-giving body supporting the Supervisory Board in 2024.

The Audit Committee consist of at least three members appointed by the Supervisory Board from among its members, for a term of office coinciding with the term of office of the Supervisory Board.

### Tasks of the Audit Committee:

The Audit Committee advises the Supervisory Board on the internal budgetary policy and procedures adopted by the Company, as well as provides control and advice in the area of contacts with the statutory auditor, in particular:

- monitoring of the financial reporting process
- monitoring the effective operation of internal control systems, risk management systems and the internal audit function, including in the area of financial reporting
- issuing its opinion on the annual audit plan and presentation thereof for approval to the Supervisory Board
- monitoring of the auditing activities, in particular the audit conducted by the statutory auditor firm, taking into account all proposals and findings of the Audit Oversight Committee resulting from an inspection carried out in the audit firm
- controlling and monitoring the independence of the statutory auditor and the audit firm conducting the audit, in particular where the audit firm also renders other services for the Company
- informing the Supervisory Board about the financial statements audit results, and explaining how the audit has contributed to the reliability of financial reporting in the Company, and what the role of the Audit Committee was in the audit process

- evaluation of the independence of the statutory auditor
- and giving consent to the auditor's providing allowed services to the Company other than the audit of the financial statements
- development of the selection policy of the audit firm to conduct a statutory audit
- development of the policy related to the provision of permitted services other than auditing by the audit firm, entities related to the audit firm and by a member of the audit firm corporate network.
- development of the statutory audit firm selection procedure
- presentation to the Supervisory Board of recommendations in respect of the selection of the statutory auditor or audit firm, in compliance with the policies referred to in (h) and (i) above
- presentation to the Management Board and the Supervisory Board of recommendations in respect of ensuring reliability of the financial reporting processes in the Company
- agreeing with the Company's statutory auditor of the nature and scope of the audit prior to each statutory audit of the annual financial statements
- presentation to the Supervisory Board of information on the work of the Audit Committee, including motions for required actions, if any

The Audit Committee presents to the Supervisory Board a recommendation which:

- indicates the audit firm the Committee is recommending to conduct the statutory audit
- contains a representation that the recommendation is independent of any third party influence
- ascertains that the Company has not executed any agreements containing clauses that by the force of law would render invalid any clauses in the agreements executed by the Company that would restrict the selection of an audit firm by the Supervisory Board for the purposes of conducting a statutory audit of the Company's financial statements to pre-defined categories or audit firm schedules

### Composition of the Audit Committee as at 31 December 2023

Krzysztof Gigol <sup>1)</sup>	Chairman
Dariusz Batyra <sup>3)</sup>	Member
Anna Chudek <sup>1)</sup>	Member
Bartosz Piechota <sup>1) 2)</sup>	Member
Grzegorz Wróbel <sup>1)</sup>	Member

On 1 March 2024, the Company received a statement from the Minister of State Assets on the dismissal of Supervisory Board member Mr Grzegorz Wróbel, who was also a member of the Audit Committee, and subsequently, in connection with the changes to the composition of the Supervisory Board adopted on 12 April 2024 by the Extraordinary General Meeting, the Supervisory Board, at its meeting on 15 April 2024, appointed Ms Magdalena Makiela and Mr Paweł Cygan and Mr Daniel Frąc to the Audit Committee. On 20 May 2024, the Management Board of the Company received a statement of resignation from Mr Dariusz Batyra from his position as Member of the Supervisory Board as of 20 May 2024.

### Composition of the Audit Committee as at 31 December 2024 and as at the day of the Report:

Paweł Cygan <sup>1) 2)</sup>	Chairman
Daniel Frąc <sup>1)</sup>	Member
Magdalena Makiela <sup>1)</sup>	Member

<sup>1)</sup> Independent member within the meaning of

Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision,

<sup>2)</sup> A member with knowledge and skills in the area of accounting or auditing financial statements,

<sup>3)</sup> A member with knowledge and skills in the scope of the industry in which the issuer operates.

# Governing bodies of LW Bogdanka S.A.

## The person holding the knowledge and skills in the area of accounting or financial statements audits is:

**Paweł Cygan** - a graduate of Wyższa Szkoła Biznesu-National Louis University in Nowy Sącz, ACCA member, Certified Auditor. He holds an MBA in Financial Management from the University of Hull in the UK. He gained professional experience at Arthur Andersen / Ernst & Young in the area of financial audit and business consulting, then from 2004 he worked at Vattenfall, where he was responsible for the development and management of internal audit and business consulting and supervision of key projects in the area of electricity sales and distribution. From 2008 to 2016, Vice-President of the Management Board, Chief Financial Officer of TAURON Dystrybucja and Chairman of the Supervisory Boards of its subsidiaries, including responsibility for dozens of optimisation projects, M&A and implementation of key IT systems. In 2014, he was recognised in the large enterprise category of the 2013 CFO of the Year competition organised by ACCA, Forbes and Euler Hermes, among others, "for the CFO's extensive involvement in the company's difficult and complex processes and for his influence in shaping the company's corporate culture". In 2010-2012, he represented the Polish Electricity Committee and the Polish Society for Transmission and Distribution of Electricity at Eurelectric as part of the task force on the EU budget after 2013. From 2016 to 2017, a management board member, CFO at the Ożarów Group, and since 2017, managing director, management board member at Kirchhoff Automotive Poland, responsible for the overall operations of the company.

## Industry-related knowledge and skills are held by: Dariusz Batyra (in office until 20 May 2024)

- completed the Mining Secondary School and the Mining Technical School in Ostrów Lubelski and graduated from AGH University of Science and Technology in Kraków, majoring in Mining and Geology, specialisation: Underground Deposit Mining. He also completed post-graduate studies in Value Based Management in Mining Companies. In LW Bogdanka S.A, he went through all career levels, from trainee in the mining department to Manager of the Mining Department in the Nadrybie field and the Bogdanka field. As of July 2023, in the position of Chief Engineer, Mining Operations Manager, Deputy Technical Director - Management Board Representative for Production

## Audit Committee

Membership of the Audit Committee ends when the member ceases to be a Supervisory Board member; however a Committee member may be dismissed from the Committee at any time by a Supervisory Board resolution. The Audit Committee member may also resign from the Committee at any time by submitting his or her resignation to the Committee Chairperson. In the case of the Committee Chairperson, he or she submits a resignation to the Chairperson of the Supervisory Board. The Audit Committee Chairperson is elected by the Supervisory Board. The Committee Chairman manages the work of the Committee, supervises the work of the Committee, in particular the organisation and execution of the Committee meetings. The Supervisory Board Chairperson may be a member of Supervisory Board Committees but may not be the Chairperson of the Audit Committee. Committee meetings are convened by its Chairperson and in his or her absence by the committee member appointed by him or her. The Supervisory Board Chairperson or the Supervisory Board member appointed by him or her convenes the first meeting of the Committee.

The regulations pertaining to notifications of Supervisory Board meetings will apply accordingly to notifications of the Audit Committee meetings. The meetings of the Committees should be held as necessary, of which one before the Company publishes its financial statements.

Committee resolutions are adopted by an absolute majority of votes. In the event of a tied vote, the Chairperson's vote shall prevail. The procedure for adopting resolutions by the Supervisory Board applies to the adoption of Committee resolutions. The Committee presents information on its meetings to the Supervisory Board. The Committee Chairperson submits to the Supervisory Board the resolutions, motions and reports on matters on the agenda of the Supervisory Board meeting, as well as other motions, including motions on the need to prepare, for the needs of the Committee, expert opinion or opinions on the scope of the Committee's duties or engagement of an advisor. Applicable provisions of the By-laws shall apply to matters not regulated by the provisions pertaining to Supervisory Board Committees.

## Information on the activity of the Audit Committee

In 2024, the Audit Committee held five meetings and adopted 10 resolutions concerning, among others:

- issuing an opinion on the Separate and Consolidated Financial Statements of Lubelski Węgiel "Bogdanka" S.A. for the financial year from 1 January to 31 December 2023,
- issuing an opinion on the Report on the Activities of Lubelski Węgiel Bogdanka S.A. and the LW Bogdanka Group for 2023.
- accepting information for the Supervisory Board on the results of the audit of the financial statements of Lubelski Węgiel Bogdanka S.A. and the Lubelski Węgiel Bogdanka Group for the financial year from 1 January to 31 December 2023.
- adoption of the Report on the activity of the

- Audit Committee in 2023
- approval of the Report on the Implementation of the Audit and Internal Control Plan for 2023.
- Moreover, the Audit Committee:
- reviewed the Risk Management Report - update on material risks as at 31 December 2023, and subsequently as at the end of Q1, Q2 and Q3 2024;
  - took note of the report on the audits carried out in H1 2024 by the Internal Audit Department at the Lubelski Węgiel Bogdanka Group
  - reviewed the motion to issue an opinion on the Audit Plan for 2025.

## Cooperation of the Audit Committee with the statutory auditor:

- The Committee reviewed the motion to give consent for PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to verify the correct calculation of the excise duty co-efficient for 2023
- The Committee reviewed the work schedule of the statutory auditor, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. related to the audit of the Company's financial statements and the consolidated financial statements of the LW Bogdanka Group for 2024.

## Attendance record of Audit Committee members at meetings

	2023	2024
Paweł Cygan	-	4/4
Daniel Frąć	-	4/4
Magdalena Makiela	-	4/4
Krzysztof Gigol	4/4	1/1
Dariusz Batyra	4/4	1/1
Anna Chudek	4/4	1/1
Bartosz Piechota	2 / 2	1/1
Grzegorz Wróbel	4/4	1/1



## External audit

### Information on the selection of the statutory auditor

In order to review the financial statements of the Company and the consolidated financial statements of the Company's Group, the Supervisory Board, in accordance with the recommendation of the Audit Committee, on 29 May 2023 adopted a resolution on the extension of the agreement with PwC as the entity authorised to:

- review the Parent Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2023, 2024 and 2025.
- audit the Parent Company's financial statements and the consolidated financial statements of the Company's Group for 2023, 2024 and 2025.

### Non-audit services:

In 2024, PwC was engaged to perform the following services, in addition to the service of auditing the financial statements of the Company and the consolidated financial statements of the Group and reviewing the interim statements:

- other assurance services (audit and review of the group consolidation package for ENEA's purposes),
- verification of the Group's consolidated 2024 financial statements prepared in the XBRL format
- attestation of the sustainability report (ESG) for 2024
- assessing the Remuneration Report for the Parent Company's Management Board and Supervisory Board for 2024
- verification of correct calculation of the excise duty ratio for 2023

During the performance of the above activities, both PwC as an entity authorised to audit financial statements and the statutory auditors performing financial audit activities for LW Bogdanka S.A. observed the independence criteria referred to in Article 69-73 of the Act of 11 May 2017 on statutory auditors, Audit Firms and Public Supervision.

### Main assumptions underlying the Policy for selecting the audit firm

When selecting an audit firm, the main considerations are the audit team's experience in auditing companies, competence, financial criteria and human resources. The selection is conducted in accordance with the principle of impartiality and independence of audit firms, in compliance with the laws on the mandatory periodic rotation of audit firms and key statutory auditors, mandatory retention periods and the results of audit firm inspections presented in the annual report published by the Polish Audit Supervision Agency. The first statutory audit agreement is concluded with an audit firm for a minimum period of two years, with an option to renew for additional periods of at least two years. The maximum time of uninterrupted duration of the statutory audit mandate for a single audit firm may not exceed ten years. A new mandate may not begin until four years have elapsed since the end of the previous statutory audit.

### Main assumptions of the Policy on the provision of permitted non-audit services by an audit firm

LW Bogdanka S.A. and its subsidiaries are allowed to use permitted services (i.e. those which are not prohibited pursuant to Article 136 of the Act on Auditors), which are provided by the audit firm performing the audit, provided that they are not related to the tax policy of the companies. A permitted non-audit service may be rendered by an audit firm provided that the firm has been previously approved by the Audit Committee, following an assessment of the risks and safeguards of independence referred to in Articles 69-73 of the Act on Auditors. In addition, if the audit firm provides permitted non-audit services for a period of at least three consecutive financial years, the fee for the provision of such services is limited to 70% of the average fee for the last three consecutive financial years paid for the statutory audit of LW Bogdanka and, if applicable, its subsidiaries and the consolidated financial statements of the Group. In the case of prohibited services, i.e. services other than the permitted services, their direct or indirect provision to LW Bogdanka S.A. and its subsidiaries by the audit firm performing the audit of LW Bogdanka is prohibited in the period from the beginning of the audited period to the issuance of the audit report.

## General Meeting

### Functioning and main powers of the Shareholder Meeting, description of shareholders' rights and the manner in which they are exercised, in particular the principles laid down in the by-laws of the General Meeting

The Company's Shareholder Meeting is held as an Ordinary or Extraordinary Shareholder Meeting, on the basis of the Commercial Company Code, the Company's Articles of Association and the By-laws of the General Meetings of Shareholders of LW Bogdanka S.A.

### Convening of the General Meeting

The General Meeting is convened by the Management Board subject to the provisions of the Commercial Company Code and the Company's Articles of Association. The General Meeting is convened by way of an announcement published on the Company's website and in the manner prescribed for the dissemination of current information by public companies, provided that such announcement should be published at least twenty-six days before the date of the General Meetings of Shareholders.

### Shareholder rights

The General Meeting may adopt resolutions only on the matters provided for in the agenda, subject to Article 404 of the Commercial Company Code. A shareholder or shareholders representing at least one-twentieth of the share capital have the right to request that a specific item be placed on the agenda of the General Meeting. In order to exercise this right, the shareholders who are entitled to request that a specific item be placed on the agenda of the Shareholder Meeting should submit a motion to the Company's Management Board, in writing or in electronic form, together

with a justification and a draft resolution on the proposed agenda item, no later than twenty one days before the set date of the General Meetings of Shareholders.

The Management Board announces any changes to the agenda of the next Shareholder Meeting that are made at the request of shareholders immediately, but not later than eighteen days before the set date of the General Meeting. The announcement is published following the same procedure as applicable to convening the General Meetings of Shareholders.

### Right to participate in the General Meeting

Only those persons who are shareholders of LW Bogdanka S.A. sixteen days prior to the date of the General Meetings of Shareholders (date of registration to attend the Shareholder Meeting) have the right to attend and vote at the General Meeting.

Pledgees and users vested with voting rights have the right to attend the general meeting of a public company if the limited right in rem created in their favour is registered in the securities account on the date of registration of attendance at the general meeting. Other parties with the right to participate in the General Meeting are Members of the Company's Management Board and Supervisory Board and, in the case of a General Meeting at which the financial affairs of LW Bogdanka S.A. are on the agenda, the statutory auditor auditing the Company's financial statements and the Company's chief accountant. The General Meeting may also be attended by experts and guests invited by the body convening the General Meeting.

A shareholder may transfer shares in the period between the date of registration to attend the General Meeting and the end date of the General Meeting.

According to the By-laws of the General Meeting of Shareholders of LW Bogdanka S.A., the members of the Supervisory Board and the Management Board and the Company's statutory auditor should provide the participants of the General Meeting with explanations and information on the Company within the bounds of

their powers and to the extent necessary to handle the matters being discussed by the General Meeting.

### Right to participate in the General Meeting by proxy

A Shareholder may participate in the General Meeting and exercise its right of vote in person or by proxy. Proxy documents to attend and vote at the Shareholder Meeting should be issued in writing or electronically.

### Adoption of resolutions by the General Meeting

According to the Articles of Association, the General Meeting adopts resolutions if at least a half of the share capital is represented at the General Meeting.

Each share gives its holder one vote at the General Meeting.

Resolutions of the General Meeting are required, in addition to other matters arising from generally applicable provisions of law, in the following cases:

- examination and approval of financial statements for the previous financial year as well as the Management Board's report on the Company's activity
- decision on distribution of net profit or coverage of net loss
- granting a discharge to the members of the Company's bodies for the performance of their duties
- setting a dividend record date and determining the date of dividend payment
- appointing and dismissing of the Supervisory Board members
- determining the number of members of the Supervisory Board
- determining the rules for compensating Supervisory Board members and Management Board members
- disposal and lease of the Company enterprise or its organised part as well as establishing of a limited right in rem thereon

- concluding of a loan, surety or any other similar agreement with a member of the Management Board, Supervisory Board, a proxy, a liquidator or in favour of any of those persons,
- determining the rules, the procedure and the conditions for the retirement of shares
- creation and liquidation of funds or capital of the Company
- adopting the By-laws of the General Meeting defining detailed principles for the conduct of meetings and adoption of resolutions
- accession and withdrawal of the Company from the ENEA Group
- adoption or repeal of the ENEA Group Code upon recommendation of the Management Board and opinion of the Supervisory Board.

Moreover, resolutions of the General Meeting are required for the matters set forth in §12(2) of the Company Articles of Association.

### Rules for amending the Articles of Association

In accordance with the provisions of the Commercial Company Code, an amendment to the Company's Articles of Association requires a resolution adopted by a specific majority of votes and a relevant entry in the register. The Company's Articles of Association do not contain any provisions that differ from the provisions of the Commercial Company Code regulating the amendments to Articles of Association.

## General Meeting

### Information on the meetings of the General Meeting of LW Bogdanka S.A. held in 2024

In 2024, one Ordinary General Meetings of Shareholders and one Extraordinary General Meeting of Shareholders was held.

**Extraordinary General Meeting convened on 12 April 2024** - held in the registered office of the Company in Bogdanka  
Agenda of the Extraordinary General Meeting of Shareholders on 12 April 2024:

1. Opening of the Extraordinary General Meeting.
2. Election of the Chairperson of the Extraordinary General Meeting.
3. Determination as to whether the Extraordinary General Meeting has been duly convened and is capable of adopting resolutions.
4. Adoption of the agenda.
5. Adoption of resolutions concerning changes in the composition of the Supervisory Board of the Company.
6. Adoption of a resolution on the amendment of the Remuneration Policy for Members of the Supervisory Body and the Management Body of Lubelski Węgiel Bogdanka Spółka Akcyjna, constituting an Annex to Resolution No. 4 of the Ordinary General Meeting of the Company of 29 July 2020.
7. Adoption of a resolution on amending the principles for determining the remuneration of members of the Management Board.
8. Closure of the Extraordinary General Meeting.

**Ordinary General Meeting convened on 28 June 2024** - held in the registered office of the Company in Bogdanka  
Agenda of the Ordinary General Meeting of Shareholders on 28 June 2024:

1. Opening of the General Meeting of Shareholders.
2. Election of the Chairperson of the General Meeting.
3. Determination as to whether the General Meeting has been duly convened and is capable of adopting resolutions.
4. Adoption of the agenda.
5. Review of the Report of the Management Board on the activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2023, including a statement on non-financial information.
6. Review of the Financial Statements of Lubelski Węgiel Bogdanka S.A. for the financial year 2023.
7. Review of the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2023.
8. Presentation of the Management Board's motion on distribution of the net profit for the financial year 2023.
9. Presentation of the Report of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the financial year 2023.
10. Presentation of the report on representation expenditures as well as on expenditure on legal services, marketing services, public relations and social communications services as well as management advisory services, and on the report on Best Practices, as referred to in Article 7(3) of the Act of 16 December 2016 on the Rules for Managing State Property for 2023 financial year.
11. Adoption resolutions by the General Meeting on:
  - adoption of the Remuneration Policy for Members of the Supervisory Body and the Management Body of Lubelski Węgiel Bogdanka Spółka Akcyjna,
  - approval of the Report of the Management Board on the activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2023, including a statement on non-financial information,
  - approval of the Financial Statements of Lubelski Węgiel Bogdanka S.A. for the financial year 2023,
  - approval of the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2023,
  - granting a discharge to the Members of the Management Board of Lubelski Węgiel Bogdanka S.A. for the performance of their duties in the financial year 2023,
  - approval of the Report of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the financial year 2023.
  - granting a discharge to the Members of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the performance of their duties in the financial year 2023,
  - issuing an opinion on the Report on Remuneration of the Management Board and the Supervisory Board of LW Bogdanka S.A. for 2023,
  - distribution of net profit for the financial year 2023,
  - setting a dividend record date and determining the date of dividend payment,
  - appointment of members of the Supervisory Board.
12. Any other business.
13. Closure of the General Meeting.

### Extraordinary General Meeting convened

Information on the resolutions adopted and all the documents are available on the website of LW Bogdanka S.A. [www.ri.lw.com.pl](http://www.ri.lw.com.pl).



# 4. Sustainability Report of the LW Bogdanka Group





## ESRS 2 - General information

### BP-1- General basis for the preparation of the sustainability statements

This statement concerning the Lubelski Węgiel Bogdanka Group (GK LWB) has been prepared on the basis of Article 63x of the Accounting Act of 29 September 1994 (consolidated text, 4 November 2022. Journal of Laws 2023, item 120, as amended) and in accordance with the sustainability reporting guidelines contained in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, which supplements Directive 2013/34/EU of the European Parliament and of the Council regarding sustainability reporting standards (European Sustainability Reporting Standards, "ESRS").

The document has been prepared in consolidated form while the scope of data consolidation is the same as for the financial statements and includes the following companies:

- Lubelski Węgiel Bogdanka S.A. (LWB)
- Łęczyńska Energetyka Sp. z o.o.
- Ekotrans Bogdanka Sp. z o.o.
- RG Bogdanka Sp. z o.o. (RGB)
- MR Bogdanka Sp. z o.o. (MRB)

The Sustainability Statement of LW Bogdanka Group for 2024 applies to the Group's entire value chain. When preparing the document, the Group did not exercise the option to omit information relating to intellectual property, know-how or the results of innovation and did not exercise the option to disclose information by reference.

### [BP-2] Disclosure in relation to specific circumstances

This statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS). The scope of the report was determined taking into account the results of the double materiality analysis - material impacts, risks and opportunities related to the environment, social issues and corporate governance. The statement for 2024 is the Group's first statement prepared on the basis of ESRS standards. Therefore, no changes in the preparation or presentation of the sustainability statement or errors for previous periods are reported. The Group does not take into account sustainability reporting provisions other than those defined in the ESRS. When preparing the sustainability statement, the LW Bogdanka Group did not deviate from the definitions of the concepts of short-, medium- and long-term time horizons set out in the ESRS 1 standard by adopting 1 year as a short-term perspective, 5 years as a medium-term perspective and time over 5 years as a long-term perspective. The prevailing part of the quantitative data published is based on actual data originating from direct sources. In the absence of access to complete and direct data, the organisation used estimates. The data concerning the value chain published in the statement was estimated using indirect sources, such as Scope 3 emission data.

Estimates originated from reliable state institutes that publicly release information and data sourced by diverse stakeholders. The document does not contain quantitative measures and amounts that are subject to a high level of measurement uncertainty. Detailed information on the methodologies used to calculate data for individual indicators is presented in individual subsections.

The Group's parent company, LW Bogdanka S.A., has in place ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) standards implemented and certified in 2024. However, the company is not in possession of analyses of the extent to which the data for the purposes of sustainability reporting has been verified by the attestation service provider of the aforementioned certificates.

### GOV-1 The role of the administrative, management and supervisory bodies

The Lubelski Węgiel Bogdanka Group is managed and supervised by the Management Board and the Supervisory Board of the parent company, Lubelski Węgiel Bogdanka S.A.

Number of Management Board members	4
Number of executive members	4
Number of non-executive members	0
Number of members of the Supervisory Board	7
Number of women on the Supervisory Board	1
Number of employee representatives on the Supervisory Board	2 elected employees
Percentage of men on the Management Board	100%
Percentage of women on the Management Board	0%
Number of independent members on the Management Board	0
Percentage of independent members on the Management Board	0%





The Management Board of LW Bogdanka S.A. is authorised to take all decisions except the decisions reserved for other governing bodies of the company. Decisions concerning the property rights and obligations of the company, as well as strategic economic and organisational decisions, are made in the parent company by a vote of consent and announced by way of resolutions of the Management Board. In matters of the day-to-day operational management of the company, the Members of the Management Board and the heads of the divisions take decisions on an individual basis, in accordance with the scope of competence set out in the Bylaws of the Management Board and the Rules of Procedure. In 2024, the Management Board members developed their expertise in sustainable development through consultations with ESG experts and participation in seminars and conferences, including the scientific seminar on Challenges and Opportunities for Sustainable Development of Lubelski Węgiel Bogdanka S.A. in the context of environmental and socio-economic conditions, which took place on 18 December 2024 and was organised by the Centre of Research on Climate Change and Environment at the Maria Curie-Skłodowska University in Lublin.

The activities of the LW Bogdanka Group are overseen by the Supervisory Board. The Management Board provides the Supervisory Board with relevant information about the Company's activities, including the risks and opportunities identified and the processes of their management. The Supervisory Board also receives information on the non-financial objectives adopted by the Management Board, which are controlled by the ESG Department responsible for managing the impacts of the organisation as well as ESG risks and opportunities. In the reporting period, the ESG Department was part of the Strategy and Sustainable Development Division, which reported to the President of the Management Board, and subsequently, following organisational changes, it started reporting directly to the President of the Management Board. Information on sustainability-related activities is reported on a quarterly basis in the form of the Report of the Management Board, and for individual targets on a monthly, quarterly and annual basis (depending on how they are defined in the Integrated Management System). The

Management Board also adopts the ESG objectives developed in the ESG strategy - the existing strategy was also approved at the Supervisory Board level.

At the same time, within the Group, responsibility for specific material topics linked to material impacts, risks, opportunities assigned to specific substantive departments. Responsibility for environmental issues is assigned to the Environmental Department which manages the impacts, risks and opportunities associated with pollution, water, biodiversity and the circular economy. This department, reporting to the Director for Strategy and Sustainability, was then transferred to the division of the Mine Maintenance Manager. The Environmental Department monitors and evaluates the achievement of environmental objectives and implements adequate control procedures. In the reporting period, the Climate Section operated in LWB. Currently, the issue of climate change, including monitoring and calculation of the carbon footprint is handled by the Environment Department.

Social issues, including employee training and development, are the responsibility of the HR Director who ensures that appropriate development and training programmes are in place to influence employee engagement and satisfaction. Occupational Health and Safety is supervised by the Head of the OHS Department who reports directly to the President of the Management Board, ensuring the compliance with OHS standards and procedures. In the area of compliance policy, human rights and counteracting irregularities, including corruption, the responsibility rests with the Director of the Management Board Office supervising the compliance with the applicable regulations and standards.

In terms of supply chain management, responsibility rests with the Procurement Director, who takes care of supplier verification and monitoring the consumption of renewable and non-renewable materials. The Accounting Department, in the Chief Accountant's Division, deals with financial reporting, including financial data acquired for sustainability reporting, settlement and payment practices to ensure financial transparency.

The Group has not implemented separate control procedures for the management of material impacts, risks and opportunities - in the parent company they are controlled within the existing Control System, which consists of:

- control environment - comprises factors such as ethical values, staff competence and willingness to improve skills, organisational structure, the way powers and responsibilities are delegated, risk management philosophy,
- risk assessment - involves the continuous identification and analysis of the risks that pose threat to the achievement of the assumed objectives, which forms the basis for determining risk management approaches,
- control activities - all activities allowing to ensure compliance with the law and guidelines of the Management Board, enabling the necessary actions to be taken to mitigate the risks at all organisational levels and in all its units,
- information and communication system - promotes the acquisition and exchange of information necessary for effective management and performance of tasks,
- monitoring - activities allowing for continuous assessment of the quality and effectiveness of the internal control system.

The parent company's Management Board, as the body responsible for overseeing the impacts, risks and opportunities, is composed of four experienced managers, whose competence is reflected in the organisational chart - more specifically, in the assigned content areas delegated to them for management. The Management Board uses advice of, among others, an independent body, the Environmental Council at LW Bogdanka, in the context of decisions related to sustainable development.

## Composition of the Management Board

**Zbigniew Stopa** - President of the Management Board. A graduate of the Mining Faculty of the AGH University of Science and Technology in Kraków, a manager and an expert in underground mining. Almost the entire professional career of Zbigniew Stopa has been associated with the mining industry and Lubelski Węgiel Bogdanka S.A., where he worked at all levels of the organisation. In the years 1984-1985 he held an internship under ground and in 1985-1987 he worked as an underground miner-supervisor. In February 1987, he took the position of an underground shift foreman and, at the end of the same year, he became an underground branch foreman. From 1991 to 2006, he served as an Underground Mining Superintendent. From May to December 2006 he was the Manager of the Mining Work Department at the Nadrybie Field. Zbigniew Stopa holds the following qualifications approved by the Mining Inspectorate: Mining Department Manager (1997), Senior Supervisor (1991). In 2007 he was appointed by the President of the State Mining Authority to the Mining Safety Commission at the State Mining Authority in Katowice. In 2006-2012 he held the position of Vice-President of the Management Board - Production and then from 2012 to 2016 - President of the Management Board of LW Bogdanka S.A. On 25 April 2024, the Supervisory Board of Lubelski Węgiel Bogdanka appointed him as President of the Management Board as of 1 May 2024.

**Bartosz Rożnawski** - Vice-President of the Management Board, Production

A graduate of the Stanisław Staszic AGH University of Science and Technology in Kraków with a degree in Engineering, specialising in Environmental Geophysics and Mining and Geology. At the AGH University of Science and Technology he also completed post-graduate studies in Value Based Management in Mining Companies. He holds a Master of Business Administration (MBA) degree in Management from WSB University in partnership with EY Academy of Business. He started his professional career in 2006 as an intern at Lubelski Węgiel Bogdanka S.A. and after a year continued as a shift foreman. From 2010 to 2012, he was employed as a branch foreman of the mining branch. In 2017, he was appointed as the Head of the Mining Department and in 2020, as the Deputy Head of Mine Maintenance. From July 2020 to the end of April 2024, he served as a Member of the Supervisory Board of Lubelski Węgiel Bogdanka S.A.; he has held his position on the Management Board since 1 May 2024.

**Sławomir Krenczyk** - Vice-President of the Management Board, Development

He gained managerial experience in public companies, as well as managing foundations and projects. At a level of representation bodies, he was responsible for legal and organisational, communications and marketing, and development areas, among others. He held director's and management positions in public companies in the areas of communications, marketing and community relations. As part of his business activities, he has implemented consulting and training projects for local and international entities in the energy and raw materials industry. He was responsible for the energy and climate programme of the Warsaw Security Forum, coordinating high-level experts from Poland, the US, the EU and Ukraine. He is the author and co-author of reports and publications on the energy transition, and has participated in public industry debates. In 2015, he was a member of the project team responsible for the acquisition of the controlling stake in LW Bogdanka S.A. by Enea S.A. in 2015. On the parent shareholder side, he was responsible for the processes of integrating the mining company into

the energy and resources group. From 2019 to 2020, he served as plenipotentiary of the management board of LW Bogdanka S.A. and director for the company's public relations. On the Management Board, he has held the position of Vice-President of the Management Board since 1 May 2024.

**Artur Wasilewski** - Vice-President of the Management Board, Economic and Financial Affairs

In 1998, Mr. Wasilewski graduated from the Lublin University of Technology, majoring in Management and Marketing; in 2000 he completed postgraduate studies in Corporate Finance and Capital Market, and in 2003 - the Master of Business Administration programme at University of Warsaw & University of Illinois. Participant of numerous training courses on finance and reporting under IAS/IFRS. Member of Supervisory Boards of capital companies. In the years 1998-2000 he worked as a financial analyst at the DEMOS consulting company, gaining experience in the field of analysis and valuation of enterprises, advising on the introduction of efficiency solutions, preparing privatisation reports for the Ministry of State Treasury. Associated with Lubelski Węgiel Bogdanka S.A. since 2000. He has worked his way up the career ladder from Financial Analyst, Head of Planning and Analysis Department to Chief Economist. From 2013, he served as Director of Controlling, and in 2018 he assumed the position of Director of Controlling and Finance. Vice-President of the Management Board for Economic and Financial Affairs since 8 October 2018.



## Membership of the Supervisory Board of LW Bogdanka S.A. (as at the date of publication of the report)

**Bartosz Krysta** - Chairman of the Supervisory Board

PhD in economics, an expert with 27 years of experience in trade and sales development in energy companies. Specialist in the area of district heating, asset optimisation, portfolio management, wholesale of electricity and related instruments, as well as controlling and risk management. He began his career in 1997 at the Upper Silesian Power Company. Throughout his professional life, he has set the direction of trade and sales development in key companies on the energy market, such as Vattenfall, Tauron, Enea and Veolia. From 2001 to 2012, he worked at Vattenfall Sales Poland, holding managerial positions in controlling, sales portfolio and pricing. From 2012 to 2014, he was the head of the Pricing and Risk Measurement Department at Tauron Polska Energia, where he was responsible for the implementation and development of an innovative commercial risk measurement and control system. From 2014 to 2016, he served as Management Board Member for Portfolio Management and then as President of the Management Board at Enea Trading, responsible for the company's strategic and operational management. From 2017 to 2018, at Zarmen Energia, as the President of the Management Board and Managing Director, he created from scratch an organisation for the wholesale trading of electricity and related instruments. From 2019 to 2024, he has been associated with the Veolia Group. At Veolia Energia Warsaw, he served as Member of the Management Board and Sales Director. There, he was responsible, among other things, for creating the concept and implementing the integration of the commercial areas across the Veolia Group, the organisation and automation of the connection

process, as well as the implementation of risk management tools and the development of commercial activities in the area of district heating projects and products. Since 1 March 2024, he has served as Management Board Member for Sales at ENEA S.A. Graduate of the Silesian University of Technology and postgraduate studies in the management of electricity trading and distribution companies. He obtained his PhD degree in economics in 2010 from the Faculty of Finance and Insurance at the University of Economics in Katowice. He holds national and foreign certificates for training programmes in energy, financial and management practices.

**Szymon Jankowski** - Secretary of the Supervisory Board

A graduate of the Poznań University of Economics in Poznań, Faculty of Management with a degree in Management and Marketing. He also completed postgraduate studies at the Poznań University of Economics in the field of business law and Postgraduate Studies at the Poznań School of Banking in the field of renewable energy sources. He developed his competences through training in corporate governance and financial analysis of enterprises. He took a course for candidates for supervisory board members in State Treasury companies, completed with an examination and a diploma. He has been professionally connected with the commercial power sector for over 30 years. Since 1999 till now, he has exercised corporate governance over ENEA Group companies in various positions. He has experience in supervising capital companies in the energy, service and IT sectors - he fulfils functions as a member of the supervisory board of, among others, Enea Operator sp. z o.o., Enea Centrum sp. z o.o., BHU S.A., Energetyka Poznańska Zakład Transportu sp. z o.o., ITSERWIS sp. z o.o. He currently serves as the Secretary of the Supervisory Board at LW Bogdanka S.A.

**Paweł Cygan** - Member of the Supervisory Board (independent member)

Paweł Cygan - a graduate of Wyższa Szkoła Biznesu-National Louis University in Nowy Sącz, ACCA member, Certified Auditor. He holds an MBA in Financial Management from the University of Hull in the UK. He gained his professional experience at Arthur Andersen/ Ernst & Young in the area of financial audit and business consulting, then from 2004 he worked at Vattenfall, where he was responsible for the development and management of internal audit and business consulting and supervision of key projects in the area of electricity sales and distribution. From 2008 to 2016, Vice President of the Management Board, Chief Financial Officer of TAURON Dystrybucja and Chairman of the Supervisory Boards of subsidiaries, including responsibility for dozens of optimisation projects, M&A and implementation of key IT systems. In 2014, he received an award in the large company category in the 2013 CFO of the Year competition organised by ACCA, Forbes and Euler Hermes, among others, "for the CFO's extensive involvement in the company's difficult and complex processes and for his influence in shaping the company's corporate culture". From 2010 to 2012, he represented the Polish Electricity Committee and the Polish Society for Transmission and Distribution of Electricity in Eurelectric as part of the task force for the EU budget after 2013. From 2016 to 2017, member of the management board, chief financial officer of the Ożarów Group, and since 2017, managing director, member of the management board of Kirchhoff Automotive Poland, responsible for the overall company activities.

**Daniel Frąć** - Member of the Supervisory Board (independent member)

He is a graduate of the Warsaw University of Technology, Faculty of Transport, a graduate of the Lublin University of Technology, Faculty of Management and Fundamentals of Technology, where he studied Management and Marketing and a graduate of the Faculty of Mechanical Engineering. He also completed a postgraduate Master of Business Administration, University of

Illinois at Urban-Champaign. He is competent in corporate governance, the Commercial Companies Code and financial analysis of enterprises. He completed a course for candidates for members of supervisory boards with State Treasury share, which ended with an examination and a diploma issued by the Minister of the State Treasury. He has many years' experience in managerial positions obtained in international financial institutions, specialising in financial solutions for corporate entities and hedge accounting.

**Magdalena Makiela** - Member of the Supervisory Board (independent member)

Lawyer, PHD in law, arbitrator, mediator, Vice-President of the Court of Arbitration at the Chamber of Industry and Commerce in Kraków, Advisory Board Member at the European Criminal Bar Association. Trainer in the field of economic mediation, speaker at numerous seminars and conferences on, inter alia, economic mediation. Graduate of the Faculty of Law and Administration of the Jagiellonian University in Kraków. He defended his doctorate at his Alma Mater in the department of public international law. She completed an advocate trainee program. Owner of an advocate firm in Kraków with many years of experience in litigation and non-litigation, negotiation and mediation. Expert in extradition law. She specialises in business cases, international criminal business cases and providing services to commercial law companies.

**Robert Wietrzyk** - Member of the Supervisory Board (Independent Member)

He has been an employee of LW Bogdanka S.A. since 2009. Currently employed as an underground miner. Completed a post-secondary mining technical school, with a degree of underground mining technician. Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.

**Paweł Cygan** - Member of the Supervisory Board (independent member)

Graduate of the Catholic University of Lublin, majoring in administration. He has been associated with LW Bogdanka S.A. since 2007, initially on the surface in the logistics department and currently an underground worker in the mechanical department as a steel fixer-mechanic. Social Branch Labour Inspector at LW Bogdanka S.A. since 2024. Since April 2023 he has also served as a councilor for the Ślawinek district. Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.

#### **GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

The administrative, management and supervisory bodies at the LW Bogdanka Group are informed by the persons in charge of the substantive units in accordance with the organisational structure (directors, managers and their deputies, section leaders, supervisors), of material impacts, risks and opportunities, the implementation of due diligence, and the results of the and effectiveness of policies, activities, indicators and targets leading to their implementation as and when information and communication needs arise on an ongoing basis (e.g. at regular briefings or through management systems, e.g. IMS) and quarterly in reports. The administrative, management and supervisory bodies in the LW Bogdanka Group actively include the impacts, risks and opportunities associated with the ESG aspects in the process of overseeing corporate strategy and key business decisions. The Group incorporated these issues at the stage of defining the development strategy and the complementary ESG strategy. The governing bodies regularly monitor the implementation of the strategic objectives and their impact on Bogdanka's financial performance and non-financial achievements. Decisions concerning major investment and project activities are analysed in terms of their impact on the achievement of ESG strategy objectives, business

strategy and EU Taxonomy objectives. ESG aspects constitute a key element of risk analysis and due diligence for major investments, projects or cooperation with new suppliers, including the verification of bidders' statements and compliance with the Code of Conduct for suppliers. These decisions are made taking into account possible trade-offs between short-term benefits and long-term environmental and stakeholder impacts. The governing bodies regularly review ESG risks and opportunities, including those related to regulations, climate change, employee safety and human rights. Systems for controlling and reporting ESG risks are in place at LWB S.A., and the Management Board periodically reviews their status and the corrective actions taken. The organisation takes into account trade-offs between financial, operational and ESG aspects in its decision-making process. An example is the investment in decarbonisation measures, which in the short term involves increased costs and reduced coal demand, but in the long term results in savings, reduced regulatory risks and ensures jobs and continuity of employment for the workforce. In the reporting period, the administrative, management and supervisory bodies at the LW Bogdanka Group focused on the management of the material impacts, risks and opportunities associated with climate change, impact on biodiversity, occupational health and safety, employee relations and corporate culture.

**[GOV-3] Integration of sustainability-related performance in incentive schemes**

In the LW Bogdanka Group, the remuneration of the members of the Management Board and the Supervisory Board is not linked to sustainability issues. However, the parent company has implemented the Management by Objectives (MBO), an incentive programme for middle-level managers. Some of the people included in the programme are assigned individual MBO targets related to sustainability, while the remuneration of these employees depends on their fulfilment. As part of the programme, the manager is provided with individual performance targets that are consistent with the adopted Company Strategy, and their achievement is regularly monitored and evaluated. On an annual basis, managers are additionally rewarded taking into account progress in the achievement of quantitative or qualitative targets approved by the Management Board. In the reporting period, the metrics were not recognised as performance benchmarks and related to selected qualitative issues concerning occupational health and safety, environmental protection or energy efficiency.

**GOV-4 Statement on sustainability due diligence**

Key elements of the due diligence process	Sections in the sustainability statement
a) Incorporation of due diligence into governance, strategy and business model	ESRS2 GOV-2, ESRS2 SBM-3
b) Cooperation with stakeholders affected by the entity at all key stages of the due diligence process	ESRS2 SBM-2 S1-2
c) Identification and assessment of adverse impacts	ESRS2 IRO-1, ESRS2 SBM-3
d) Taking action to reduce identified adverse impacts	E1-3, E2-2, E3-2, E4-3, E5-2, S1-4
e) Monitoring the effectiveness of these efforts and providing relevant information in this regard	Metrics and targets: E1, E2, E3, E4, E5, S1

**GOV-5 Risk management and internal controls over sustainability reporting**

In the Lubelski Węgiel Bogdanka Group, the sustainability reporting process is precisely regulated. In order to increase efficiency and ensure due diligence, quality and timeliness of non-financial disclosures, the Group has divided the reporting process into four groups of activities, which are preceded by the analysis and updating of topics relevant to the organisation on an annual basis.

These include:

- data collection - the process involves identification and cyclical updating of key areas and indicators for reporting in accordance with the ESRS standard (based on a double materiality analysis); identifying data sources; and collecting data in the relevant format and timeframe.
- preliminary analysis of data in terms of completeness and compliance with the ESRS standard - internal financial and content verification, data corrections and additions,
- drafting the report - consolidating the data, followed by editing the report content, sending for verification and correction, obtaining final approvals, preparing for publication in 2 language versions,
- publication and monitoring - publication on time according to the adopted schedule, in the ESPI system and the Investor Relations service. Information about the publication is sent to the stakeholders of the LW Bogdanka Group. It is also permissible to organise meetings with key stakeholders to present the ESG results more broadly.

The above stages of the reporting process and the related tasks and responsibilities of the participants are regulated in the Procedure for preparing and disclosing non-financial information for the Lubelski Węgiel Bogdanka Group, adopted by the Management Board in September 2024. According to this document, the ESG Department is responsible for coordinating the reporting process, including in particular the aggregation of data from business units and subsidiaries within the indicated deadlines, as well as verifying their consistency. Responsibility for the quality and accuracy of the information disclosed is assigned to the managers of the business units. In addition to supplying the data, the designated substantive staff in the reporting process is constantly involved by introducing additions, preparing background material and answering questions that arise during the attestation process.

The general principles of risk management are set out in Enea Group's Corporate Risk Management Policy. The directors and managers of the organisational units, whose competence includes the implementation of individual operational and support processes in the parent company, are responsible for the ongoing identification and assessment of risks, as well as the implementation of appropriate ways of dealing with and responding to risks and monitoring their effectiveness. Reporting risks are assessed in terms of: (1) the likelihood of occurrence, (2) the potential impact in financial, reputation terms, affecting health and safety, exerting an impact on the environment. The assessment of likelihood and impact should take into account historical data on the materialisation of Risks and Incidents in the Company, the ENEA Group and the industry. The risk management process is coordinated by the Risk Management Department.

It prepares and provides reports to the Management Board on the implementation of corporate risk management activities on the basis of information obtained from individual organisational areas. In addition, the parent company has the Internal Audit Department located in the division of the President of the Management Board, as well as the Audit Committee at the Supervisory Board. Both units

have annual audit and operational plans in place, approved by their superiors.

In the reporting period, the LWB Group identified risks related to reporting of the risk of greenwashing and the risk of non-compliance with non-financial disclosure obligations. Mitigating measures in this respect comprise the procedure for preparation and disclosure of non-financial information for the LWB Group and the verification and correction of the reported data and the content of the report. The findings of the risk assessment in relation to the sustainability reporting process are subject to identification of mitigating measures to reduce the identified risks and develop the quality of the data disclosed. Material reporting risks, including the effects of sustainability reporting processes, are communicated to the management, supervisory and administrative bodies on a quarterly, semi-annual basis and at the end of the reporting year.

**SBM-1 Strategy, business model and value chain**

The strategy of the Lubelski Węgiel Bogdanka Group is based on diversification and business transformation towards sustainable development. The strategic objective is to build a modern Group, creating a value chain around renewable energy sources and green transformation of the Lublin region. Since 2024, the business strategy has been updated by the LWB Internal Team - the parent company will publish an update of the strategic documents in the first half of 2025.

The Group's parent company is Lubelski Węgiel Bogdanka S.A., dealing with underground mining, processing and enrichment of hard coal - mainly for the needs of the commercial power industry, while coordinating and ensuring the process of its sale, mostly on the basis of long-term contracts. The other companies mainly support the activities carried out by the parent company; in addition, Łęczyńska Energetyka supplies heat to the residents of the city of Łęczna.

The Group's activities require a major financial commitment - both in the area of operations as well as investment and development. Own funds

(operating income) are the main source of funding for these items.

In the reporting year, the Group had no active bond issuance agreements and no bonds issued. In 2024, the parent company did not enter into any loan agreements.

As part of its activities, the Group offers a range of benefits to a diverse clients: industrial companies - entities operating in the industrial sector - and electricity companies located in eastern and north-eastern Poland. The Group is one of the market leaders in hard coal production in Poland in terms of financial performance, innovation and coal mining efficiency. The coal sold by the Group is mainly used for generation of electricity and heat and its largest customer is the power industry in eastern and north-eastern Poland (in particular, the Enea Group).

Implementing its operations in 2024, the Group recorded a loss of PLN 1.5 billion.

The subsidiaries comprising the Group include:

- **Łęczyńska Energetyka** dealing with the production of heat, the repair, maintenance and assembly of power equipment and the production of drinking and industrial water,
- **Ekotrans Bogdanka**, which organises the transport and recovery of waste generated in the washing and purification of coal shale and conducting the reclamation,
- **RG Bogdanka** providing services, supplies and performing mining works to LW Bogdanka S.A.,
- **MR Bogdanka** specialising in the repairs, regeneration and production of steel structures and providing services to LW Bogdanka S.A. Moreover, the Company also provides laundry services for working clothes, preparation of beverages for LW Bogdanka S.A. and entities providing services on the premises of the mine.

	Number of employees
LW Bogdanka	5,236
Łęczyńska Energetyka	99
RG Bogdanka	708
MR Bogdanka	138
Ekotrans	1
<b>Total number</b>	<b>6,182</b>

*Data comprises full-time and part-time employees. The LWB Group employs workers exclusively in Poland.*

In LW Bogdanka S.A., coal exploitation is carried out at three mining fields - Bogdanka, Nadrybie and Stefanów. In 2024, the majority of the output consisted of fine coal reaching 98.3%. The remaining output consisted of pea coal - 1.2% and chestnut coal - 0.3%. The parent company currently holds four coal mining concessions. Assuming that further production is maintained at a level of approx. 9 million tonnes per year, the resources of raw materials from key areas are sufficient for more than 50 years of operation.

No significant changes in the Group's products and services occurred in the reporting period. The main customers of the Group include companies of the ENEA Group - ENEA Wytwarzanie and ENEA Elektrownia Polaniec. The Group operates in the fossil fuel sector and revenues from this activity amounted to PLN 3,665,456 thousand in 2024).



In accordance with EFRAG's classification of sectors, the Group was active in two sectors during the reporting period, which were included in the double materiality analysis: mining, quarrying and coal, and generation and supply of electricity, gas, steam and air for air conditioning installations - Energy generation and energy companies.\*

The Group's strategy current in the reporting year is based on five pillars, some of which relate to sustainability issues. These include:

- **The Multisource Concern pillar**, under which the Group plans, among others, to establish a Fund to invest in new technology projects in such areas such as the circular economy, energy storage, clean coal technologies, CO2 capture, emission-free heat and hydrogen.
- The **Sustainable Energy Guarantor pillar** - in this pillar, the Group perceives the opportunity to acquire new competence, such as investment in renewable energy installations, as well as in the entire value chain - from the production of components through energy generation, energy storage and recycling of photovoltaic waste and electric batteries.
- The **Green Transformation pillar**, according to which the Group's ESG activities will be focused within three areas:
  - circular economy
  - energy efficiency
  - revitalisation of mining areas

The identified impacts of the LW Bogdanka Group provided the basis for the ESG Strategy developed as part of the business strategy. In 2023, the Management Board of the Group adopted a list of identified impacts including the strategy document that set out strategic actions against the targets identified within the ESG strategy.

The strategy adopted in 2023 covers the period of 2023-2025 with an outlook to 2030. As part of its strategy, the organisation has adopted qualitative objectives focused on 3 pillars:\*\*

### 1. Environment and Climate

Reducing the negative impact on the climate by improving energy efficiency while at the same time reducing the share of energy from RES used for own consumption.

### 2. People

Developing the area of community engagement, developing action and cooperation for the transformation of the region through implementation of effective projects reaching a wide range of beneficiaries.

### 3. Organisation

Launching new tools and measures to increase innovation and optimise processes, as well as building organisational governance based on ESG management.

Pillar 2 objectives and activities are described in ESRs chapter S1 of this statement.



\*Breakdown of total revenues by significant ESRs sectors: Mining, quarrying and coal: PLN 3,576,045,482.82 / generation and supply of heat: PLN 28,279,504.99 / generation and supply of electricity, gas, steam and air conditioning systems PLN 3,659,428 thousand. Energy production and energy companies: PLN 48,658

\*\*As part of the process of identifying and creating targets, the Group did not assess significant products, significant markets or customer groups in relation to its sustainability goals.

**Upstream value chain**

<b>TIER 5 PRODUCERS OF RAW MATERIALS, MATERIALS, CHEMICALS AS WELL AS ENERGY AND FUELS</b>	<b>TIER 4 DISTRIBUTION, SUPPORT AND LOGISTICS SERVICES</b>	<b>TIER 3 SUPPLIERS OF COMPONENTS AND SUB-ASSEMBLIES AS WELL AS RAW MATERIALS AND MATERIALS FOR SUBCONTRACTORS</b>	<b>TIER 2 OTHER SUPPLIERS OF SERVICES, TOOLS AND MATERIALS</b>	<b>TIER 1 DIRECT SUPPLIERS AND MAIN PARTNERS</b>
<b>1. Chemical plants</b>	1. Importers and dealers of manual tools and equipment	1. Suppliers of raw materials for production of equipment (suppliers of raw materials such as steel, aluminium, copper, used in the manufacture of machinery and equipment)	1. Suppliers of spare parts (e.g. engines, drive systems, batteries, cooling systems, electrical and hydraulic systems)	1. Providers of mining services
<b>2. Manufacturers of building materials</b>	2. Attestation bodies and auditors	2. Suppliers of materials used in mining processes, such as dust suppressants, lubricants, oils.	2. Suppliers of prefabricated elements and steel structures (including anchors, conveyors)	2. Suppliers of mining machinery and tools
<b>3. fuel and energy producers</b>	3. Suppliers of research and expertise	3. Engineers and designers, site managers	3. Automation and control and safety system suppliers	3. Software and technology providers
<b>4. Transport services</b>	4. Importers of personal protection and OHS equipment	4. Employees and subcontractors of counterparties	4. Technical support	4. Supply of materials and chemicals
<b>5. Manufacturers of manual tools and equipment</b>	5. Providers of financial and accounting, legal and administrative services	5. Building material suppliers	5. Maintenance	5. Non-mining service providers (health, fire protection, benefits)
<b>6. Producers of personal protection and OHS equipment</b>	6. Waste collectors and processors	6. Transport companies carrying waste rock	6. Service of machinery and equipment	
<b>7. Innovators and patent providers</b>	7. Reclamation contractors		7. Transport services	
<b>8. Logistics centres</b>	8. Providers of training and education services		8. Safety and security services	
<b>9. Mines of other raw materials</b>	9. Postal services 10. PHU Górník 11. Transport companies carrying workers		9. Other construction services	

Own operations

RG Bogdanka sp. z o.o.	MR Bogdanka sp. z o.o.	EkoTrans Bogdanka sp. z o.o.	LW Bogdanka S.A	Łęczyńska Energetyka sp. z o.o.
provision of services for the mine in the field of mining and ancillary works and handling of ore haulage	provision of services for the mine in the scope of renovation, construction services, work performed in underground machinery divisions, refurbishment and production of steel structures.	provision of services for the mine related to the transport, disposal, management of waste generated by washing and cleaning of excavated material and the performance of reclamation services;	producer of hard coal, the company specialises in the extraction of steam coal, used mainly for the production of electricity, heat and in the cement industry.	provision of heat supply services and water and sewage management; sales of heat to consumers in Łęczna; construction and repairs of heat, water and sewage systems

Downstream value chain

TIER 1 TRANSPORT	TIER 2 INDUSTRIAL USERS	TIER 3 PRODUCT SALES AND DISTRIBUTION	TIER 4 PRODUCT CONSUMPTION BY END-USER
1. Rail transport	1. Enea Group	1. Sales and distribution of electricity and heat	1. Energy consumption by households
2. Road transport	2. Power plants and combined heat and power plants outside the Enea Group	2. Energy sales and distribution in the Enea Group	2. Energy consumption by service sector customers
	3. Other industrial operators	3. Sales and distribution of building materials	3. Energy consumption of industrial customers
	4. Coal distributors and depots	4. Sales and distribution of chemical materials	4. Customers using building materials
		5. Sales of other products and services	5. Customers using chemicals

## SBM-2 - Interests and views of stakeholders

The stakeholder relationship management process at the parent company of the Lubelski Węgiel Bogdanka Group comprises a number of coordinated activities aimed at identifying, understanding, engaging and maintaining positive relationships with various stakeholder groups, as well as overall supervision of the implementation of the relationship model (management process) and coordination of the implementation of individual strategic initiatives as part of the operationalisation of the management model. The Group cooperates with all key stakeholder groups, the frequency and means of engagement varies and depends on the nature of the relationship. The Group analyses the feedback received from different stakeholder groups and verifies that the actions taken respond to their needs and expectations. The results of monitoring and evaluation can, if necessary, affect the organisation's strategy and actions taken - the aim is to continuously improve the relationship management process.

The majority of planned projects and investments of social or local nature are consulted with stakeholders at the planning stage - the Group conducts consultation meetings and dialogue panels in this respect - including consultation meetings in the creation of a concept for a space called "The Bogdanka Glade".

In parallel, the Group has engaged stakeholders in the process of identifying the real and negative impacts of the organisation. As part of the double materiality analysis process, the result of stakeholder engagement in the 2021 survey was used. Significant stakeholders were engaged in the processes of identifying materiality of impact through questionnaires that allowed them to assess the entity's impact on environmental, social and corporate governance issues.

Stakeholders' opinions on the sustainable development of the LW Bogdanka Group are presented to the Management Board in the form of reports prepared after consultations. Their perspective was presented to the Management Board of LW Bogdanka S.A. in the form of a list of material topics for approval in the 2024 reporting process. There was no change to the Group's strategy or business model during the reporting period.



## Key stakeholders of the Lubelski Węgiel Bogdanka Group include:

Key stakeholders	Engagement	Frequency of contact
Subcontractors for mining and preparatory works	Cooperation as part of own operations	Regular
Contractors of other supplies of services and goods	Cooperation as part of own operations	Regular
Advisory bodies	Cooperation as part of own operations	Regular
Employees	Diversified as part of activity pursued	Regular
Associations/Economic chambers	Cooperation within the sector	Irregular
Industry and technical organisations	Cooperation under the projects and development	Irregular
Legal and regulatory environment	Consultation, exchange of information	Irregular
Individual customers	Direct relationship, sales, service	Regular
ENEA Group	Close cooperation	Regular
Retail customers / coal purchasers	Direct relationship, sales, service	Regular
Purchasers of materials other than coal	Direct relationship, sales, service	Regular

**SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model**

The material impacts, risks and opportunities described below have been identified as material as part of the double materiality analysis undertaken. Based on ESRS 1, the assessment process was carried out separately for impact materiality and financial materiality.

The impacts identified in the materiality analysis are linked to the strategy and business model of the LW Bogdanka S.A. Group - the activities carried out by the Group are related to environmental and social impacts as described below.

The material impacts identified by the LW Bogdanka Group in the double materiality analysis process include:

ESRS standard	Subtopic	Impact location	Description of impact	Type of impact	Irreversibility (considered only for identified negative impacts)	Time perspective
Climate change	Climate change mitigation	Upstream value chain	Coal mining and its combustion in power plants contribute to the emission of greenhouse gases, such as carbon dioxide (CO <sub>2</sub> ), as the main factors affecting global warming. These processes lead to an increase in the concentration of greenhouse gases in the atmosphere, which contributes to climate change.	NEGATIVE	Partially reversible	Short-term
Pollution	Air pollution	organisation, upstream value chain	Dust and gas emission: The coal mining process generates dust and emissions of gases such as methane (CH <sub>4</sub> ) and carbon dioxide (CO <sub>2</sub> ), which contaminate the air. Coal combustion: Coal-fired power plants emit air pollutants, including sulphur dioxide (SO <sub>2</sub> ), nitrogen oxides (NO <sub>x</sub> ) and particulate matter (PM). Emissions from trucks and trains transporting coal contribute to air pollution.	NEGATIVE	Partially reversible	Short-term
Water and marine resources	Water consumption	organisation, upstream value chain	Coal mining requires significant amounts of water for machine cooling, dust suppression and in process operations. Coal processing: Processes such as coal washing also use large amounts of water. Power plants use water to cool turbines and condensers in the energy generation process.	NEGATIVE	Completely irreversible	Short-term
Water and marine resources	Water discharges	organisation, upstream value chain	Mine water, which can contain chemical pollutants and heavy metals, is discharged into local watercourses, which can affect water quality. Coal-fired power plants can discharge heated water and industrial effluent into local watercourses, which can affect water temperature and quality.	NEGATIVE	Partially reversible	Medium-term
Biodiversity and ecosystems	Impact on the range and condition of ecosystems caused by land degradation	Organisation	Coal mining leads to land degradation, which affects the extent and condition of local ecosystems. Power plants and other industrial plants can affect land degradation through pollution and land use changes.	NEGATIVE	Partially reversible	Long-term



ESRS standard	Subtopic	Impact location	Description of impact	Type of impact	Irreversibility (considered only for identified negative impacts)	Time perspective
Circular economy	Waste	organisation, upstream value chain	Coal mining generates significant amounts of mine waste, including rock waste and coal sludge, which must be stored or processed. - Processing operations can generate chemical waste that needs to be properly managed and disposed of. Coal-fired power plants generate waste, such as ash, slag and industrial effluent, which must be properly managed. Transporting coal can generate waste, such as used consumables (e.g. oils, lubricants) and packaging.	Negative	Completely irreversible	Long-term
Circular economy	Waste	organisation, upstream value chain	The use of post-mining waste for processing into other/new products can enable the reduction in waste volume.	Positive		Long-term
Employees in the organisation	Safe workers' employment conditions	Organisation	Bogdanka ensures safe employment conditions by employing workers under employment contracts and providing other employment guarantee mechanisms.	Positive		Medium-term
Employees in the organisation	Freedom of association, operation of works councils and workers' rights to information, consultation and participation	Organisation	Bogdanka's employees have the right to join trade unions and participate in works councils.	Positive		Medium-term
Employees in the organisation	Occupational health and safety	Organisation	The mining industry is an industry with significant exposure to the risk of accidents and occupational diseases. In addition, non-compliance with the regulations can lead to accidents	Negative	Partially reversible	Medium-term

ESRS standard	Subtopic	Impact location	Description of impact	Type of impact	Irreversibility (considered only for identified negative impacts)	Time perspective
Conducting business activities	Supplier relationship management, including payment practices	Organisation	Bogdanka manages its relationships with suppliers through transparent and fair practices, including timely payments, negotiating contracts and supporting long-term partnerships. Suppliers and business partners may be required to comply with similar standards in their relationships with their own suppliers.	Positive		Short-term
Additional topics	Mining damage and land reclamation	Organisation	Mining activities can lead to various damages, such as land subsidence, damage to buildings, roads and infrastructure. Bogdanka is committed to monitoring and assessing mining damage and taking remedying measures. The company can implement compensation programmes for property owners affected by mining damage and invest in technologies and mining methods that mitigate the risk of such damage.	Negative		Short-term
Additional topics	Relationships with the community and maintaining a licence to operate (including community engagement, working with local government and community organisations, sustainable cities (community health and quality of life)	Organisation	Relationships with the community and commitment to sustainability are essential for maintaining a licence to operate. Good relations with local communities and a positive corporate image can influence government decisions on licence renewal and public acceptance of mining activities. Bogdanka cooperates with local authorities and community organisations to jointly implement projects aimed at improving the quality of life of local inhabitants. This cooperation can include investment in infrastructure, environmental protection and sustainable development measures. Bogdanka is involved in various social initiatives, supporting local communities by sponsoring cultural, sports and educational events.	Positive		Medium-term

### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material risks and opportunities identified by the organisation:

Risk area	ESRS No.	Subtopic	Risk description	Opportunity/Risk	Anticipated financial impact
Climate change	E1	Climate change mitigation	transitions - political and legal - Regulatory changes in the scope of ESG/sustainability generate the risk of higher costs of doing business and ultimately the necessity to cease mining operations	Risk	Very strong influence on the organisation's operations
	E1	Climate change mitigation	transitions - technological - New technological solutions can both pose a risk - new, alternative and low-carbon energy sources - and offer an opportunity - the possibility to implement technological solutions to reduce the climate impact of one's own activities	Opportunity or risk	Material impact on the organisation's activities
	E1	Climate change mitigation	transitions - market - Changes in customer and consumer expectations can generate the risk of reducing coal demand. Due to the current structure of energy sources, the time and cost of changing this structure is a long-term risk. The assessment relates to the short- to medium-term perspective - therefore the probability has been assessed as unlikely	Risk	Material impact on the organisation's activities
	E1	Climate change mitigation	transitions - loss of reputation - Material reputation risks have been identified for the mining industry as a whole, particularly related to fossil fuel mining. It was assumed that the materialisation of this risk also has an impact on access to finance (exclusion of the fossil fuel sector from financing).	Risk	Material impact on the organisation's activities
	E1	Climate change mitigation	transitions - political and legal - Regulatory changes in the scope of ESG/sustainability generate the risk of higher costs of doing business and ultimately the necessity to cease mining operations	Risk	Very strong influence on the organisation's operations

### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material risks and opportunities identified by the organisation:

Risk area	ESRS No.	Subtopic	Risk description	Opportunity/Risk	Anticipated financial impact
Use of raw materials	E5	Impact of resources, including the use of resources	availability of raw materials, including renewability/non-renewability of raw materials - non-renewability and reduction in the availability of raw materials will result in the need to reduce and ultimately cease mine operations	Risk	Very material impact on the organisation's operations
Use of raw materials	E5	Waste	Treatment of mining waste can be an opportunity for marketing of new products while reducing the volume of deposited waste	Opportunity	Material impact on the organisation's activities
Own staff resources	S1	Training and employee skill development	The lack of applicants for mining-related courses at various levels of education (vocational, higher education) may result in a shortage of suitable qualified staff. Failure to provide the staff may result in the need to reduce operations	Risk	Material impact on the organisation's activities
Other (organisation-specific)		Armed conflict in Ukraine	in the short term - the opportunity associated with the need to replace unavailable energy sources, at the same time the risk associated with higher business costs as a result of the energy crisis and rising energy costs.	Opportunity or risk	Material impact on the organisation's activities
Other (organisation-specific)		Availability of employees	Due to the current demographic situation and uncertainty of the mine (target closure plans), there is a significant risk of shortage of suitable qualified staff. Failure to provide the staff may result in the need to reduce operations	Risk	Material impact on the organisation's activities

### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material risks and opportunities identified by the organisation:

Risk area	ESRS No.	Subtopic	Risk description	Opportunity/Risk	Anticipated financial impact
Other (organisation-specific)		Relationships with the community and maintaining a licence to operate (including community engagement, working with local government and community organisations, sustainable cities (community health and quality of life)	Activities in the local community, social involvement, cooperation with local authorities generate opportunities for LW Bogdanka to operate efficiently and develop its activities, cooperation with NGOs creates opportunities for new projects and activities, even better adaptation of social activities to the needs of the community	Opportunity	Material impact on the organisation's activities
Other (organisation-specific)		Innovation and industry	The development of innovation, including sustainable innovation, may reduce the need to use coal as a raw material (substitution with low- and zero-emission sources) and, as a result, generate a risk for LW Bogdanka of reduced product demand; at the same time, the development of innovation, including sustainable innovation, may be an opportunity for LW Bogdanka to seek opportunities to reduce its own negative impact on the environment and transform its operations. The development of the industry may be an opportunity for LW Bogdanka and mean a higher demand for the product, at the same time the development of sustainable industry, reduction of energy consumption in the industry, transition to renewable energy sources may generate the risk of a decrease in demand for the product for LW Bogdanka	Opportunity or risk	Material impact on the organisation's activities
Other (organisation-specific)		Regulations in the scope of sustainable development	EU sustainability regulations will increase the cost of doing business and ultimately exclude coal as the energy source	Risk	Material impact on the organisation's activities



The current and anticipated impacts arising from material impacts, risks and opportunities are addressed by the Group in the framework of the adopted business strategy and the complementary ESG strategy, as well as the implemented processes focused on individual material sub-topics. Detailed information concerning the objectives adopted, the activities carried out and the policies in force in the units are the subject of this statement in the dedicated thematic sections. In parallel, the LWB Group is aware of the impact of its activities on sustainability issues and aims to introduce new processes to be reported in future years. In the reporting year, the Group did not pursue the development strategy adopted by the organisation. In 2025, the organisation plans to update its development strategy and ESG strategy, thereby introducing potential changes to the business model within an action-oriented framework of material impacts, risks and opportunities.

In the reporting period, the materialisation of none of the above risks and opportunities materially affected the Group's financial performance, cash flows and financial position. The LWB Group has not identified any risks associated with the material adjustment in financial reporting in the next reporting period. In 2024, the LWB Group did not conduct a resilience analysis of the organisation's ability to address the material impacts, risks identified in the double materiality analysis.

#### **IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities\***

The LW Bogdanka Group conducted a double materiality analysis process in 2023. The methodology used to conduct the study and to update it in 2024 has been adapted to the requirements of the CSRD Directive and the new ESRS reporting standards. The methodology took into account the principle of double materiality, which means that the study considered materiality from the perspective of the impact of the LWB Group on sustainability issues and from

the perspective of financial materiality, i.e. the impact of a sustainability issue on the Group's financial results.

The double materiality analysis process covered the following companies:

- LW Bogdanka
- Łęczyńska Energetyka
- Ekotrans Bogdanka
- RG Bogdanka
- MR Bogdanka

The double materiality analysis was based on the implementation of method-based processes:

#### **Mapping of value chains**

The Group started the process by mapping and developing the organisation's value chain. The most relevant elements of the value chain were mapped by the LWB project team in cooperation with representatives of the relevant Group business units. The activities of the Lubelski Węgiel Bogdanka Group are carried out within a single sector of activity. The Group pursues its operations only in Poland, whereas the identification and analysis of value chains, did not identify any elements of the value chain that would be characterised by an increased risk of negative effects, an increased risk in relation to the others considered in the analysis.

#### **Identification and analysis of the scope of LWB's activities**

In parallel, the Business Strategy, the ESG Strategy and the Integrated Report for 2022 were analysed to understand the context and scope of the organisation. The aim of the review was to understand the context and functioning of the organisation, particularly in terms of analysing and understanding the business model, location, size, maturity, sectors. As part of the processes conducted, the key products, services of the LWB Group were also included. The information obtained constituted the material used for the self-assessment of the impact of the risks and opportunities performed at the next stages of the double materiality analysis.

At the next stages, the project team, together with

an external consultant, developed a detailed assessment methodology that set out the process for conducting the materiality of impacts and the financial materiality analysis. The methodology included the assessment criteria, the scale and materiality thresholds.

#### **Materiality of impact**

The materiality analysis from an impact perspective included diversified data: management systems existing in the organisation, procedures, sector perspective, ESG ratings, expert publications and the perspective of relevant stakeholders. The assessment of materiality by stakeholder reflects the assessment carried out in 2021 for the needs of the Integrated Report. For the purpose of this process, the project team reviewed the existing stakeholder map at LW Bogdanka S.A. to confirm any changes. A dialogue session concerning selected ESG topics was held in 2021. The stakeholders invited to participate in the dialogue session represented the key stakeholder groups, according to the stakeholder map of LW Bogdanka S.A. The material topics identified during the dialogue session conducted in accordance with the AA 1000SES standard in 2021 were verified through a survey in which 22 people responded. Key stakeholders (target sample) were involved in the process (survey) and participated in the dialogue session. The survey was distributed directly to stakeholders.

The perspective of these stakeholder groups was taken into account indirectly, by including representatives from purchasing and sales, who keep ongoing contact with these stakeholder groups and were able to identify relevant topics from their perspective. Identified relevant impact topics from a stakeholder perspective not reflected in the ESRS topics have been identified as additional topics. In parallel, structured interviews were conducted as part of the stakeholder engagement process with representatives of the LWB Group's departments. The participants in the interviews were selected taking into account the criteria of the area of responsibility in the organisation and the strategic perspective resulting from the level

of authority in the organisational structure.

#### **Expert impact assessment**

In the assessment process, the Group conducted an analysis of its operations, business relationships and did not identify any areas that would be record an increased risk of negative impacts compared to others. Own impact assessment was carried out using the assessment criteria for the three stages of the value chain and took into account the thematic areas identified in ESRS Standard 1 and the additional themes demonstrated at the previous stages of the impact analysis. The scope of the self-assessment included both actual and potential impacts as well as positive and negative impacts using the assessments described in the table below. Potential impact (where occurrence is identified) has been assessed for three time horizons (short-term <1 year, medium-term 1-5 years, long-term >5 years). Taking into account the criteria indicated below, the self-assessment exercise set a significance threshold of 2.8 (greater or equal), which took into account the average of all assessment categories.

Due to the significant impact of LW Bogdanka S.A. on the local community and economy, an assessment of the impact on the local environment was separated as part of the analysis. The analysis in this respect was additionally carried out by the advisor, without reference to the criteria set out in the in the ESRS standards.

Most relevant elements of the self-assessment of materiality and the criteria used

Step 1	Step 2	Step 3	Step 4
Identifying the nature of the impacts and where they occur using the criteria below: <ul style="list-style-type: none"><li>Positive/negative impact</li><li>Actual/potential impact</li><li>Location of occurrence: Own operations/ Upstream value chain/ Downstream value chain</li></ul>	Discussion of the impact criteria used in the self-assessment <ul style="list-style-type: none"><li>Scale</li><li>Scope</li><li>Nature (reversibility - in case of negative impacts)</li><li>Probabilities (in the case of potential impacts)</li><li>Time horizons</li></ul>	Assignment of assessments that identified potentially material themes	Validation and verification

Financial materiality analysis

As part of the assessment of its own financial materiality, the LW Bogdanka Group carried out an identification and assessment of risks and opportunities related to the environmental, social issues and corporate governance that may affect the financial result and operations of the organisation. The process and purpose of developing the approach to determining the materiality threshold was based on the process and approach included in ISO 31 000.

The assessment as part of financial materiality was carried out using the criteria set out in the ESRS standards: impact and likelihood of materialisation. In the reporting period, the process described above was implemented separately from the risk management system applicable in the ENEA Group.

As part of the process, detailed analysis processes were carried out in which the existence of links between the identified impacts and relationships with the risks and opportunities that may arise from the impacts and relationships. The self-assessment set a threshold of financial materiality - the average score of 4 for both criteria.

Step 1	Step 2	Step 3	Step 4
<ul style="list-style-type: none"><li>Identification of risks and opportunities associated with individual ESRS sub-themes:</li><li>Risks</li><li>Opportunities</li></ul>	Discussion of the impact criteria used in the self-assessment <ul style="list-style-type: none"><li>Likelihood*</li><li>Financial impact*</li><li>Time horizons</li></ul>	Assignment of assessments that allowed to identify potentially material themes in terms of financial materiality	Validation and verification

\*Both criteria were assessed on a scale of 1 to 5.

Adopted 5-scale impact criteria used in the self-assessment:

**Impact scale**, where 1 meant minimum impact and 5 meant severe impact

**Scope of impact**, where 1 means limited and 5 means global

**Irreversible nature**, where 1 meant easily manageable and 5 irreversible

**Probability**, where 1 meant little and 5 meant certain

The process of identification and assessment of risks and opportunities linked to environmental, social and corporate governance themes has not been implemented into the entity's overall risk identification and management process. Individual substantive departments in the Group are required to identify and assess the risks associated with their scopes of activity and to be familiar with the processes.

The results of the materiality assessment were confirmed by the project team, then also communicated to other people in the organisation involved in the process and representing different units in the organisation (Directors in the organisational divisions) for their opinion. The Management Board of LW Bogdanka S.A. accepted the results of the materiality analysis by means of a resolution of the Management Board on: Adoption (acceptance by the Management Board) of the results of the materiality assessment (so-called material topics) resulting from the double materiality analysis for

2024. During the reporting period, the LWB Group completed a review of the double materiality analysis process for the first time, modifications and changes to the process will be reported annually, including the analysis of the links and relationships between the identified impacts and the risks and opportunities that may arise from these impacts and relationships.

#### **IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statements**

Information requiring disclosure in relation to impacts, risks and opportunities has been determined by identifying material sustainability topics (material from an impact perspective or from a financial perspective, or both, in line with the double materiality assumption, details

concerning the designated thresholds are described in the IRO-1, based on the recommendation contained in ESRS 1). No other data points resulting from the EU regulations were included in the statement. The criteria, as defined by EFRAG and ESRS1, were used by the entity as part of the self-assessment carried out as part of the double materiality analysis process (a detailed description regarding the methodology is described in the IRO-1 section in this chapter).

Links between material information requiring disclosure in relation to impacts, risks and opportunities that the entity considered material are presented in the table below:



Disclosure requirement	Data point	Disclosure	Regulation*
<b>ESRS 2, GOV-1</b>	21(d)	Gender diversity of the management board - data on percentage by gender	SFDR/BRR
	21(e)	Data on the percentage of independent management board members	BRR
<b>ESRS 2, GOV-4</b>	32	Due diligence statement	SFDR
<b>ESRS 2, SBM-1</b>	40(d)(i)	Participation in activities related to the fossil fuel sector	SFDR/P3/BRR
	40(d)(ii)	Participation in chemical production activities	SFDR/BRR
	40(d)(iii)	Participation in activities related to controversial types of weapons	SFDR/BRR
	40(d)(iv)	Participation in tobacco growing and production activities	BRR
<b>ESRS E1-1</b>	14	Transition plan for climate change mitigation	EUCL
	16(g)	Units excluded from the scope of the reference indicators adapted to the Paris Agreement	P3/BRR
<b>ESRS E1-4</b>	34	Greenhouse gas emission reduction targets set by the company	SFDR/P3/BRR
<b>ESRS E1-5</b>	38	A company operating in sectors with a material climate impact further disaggregates its total fossil energy consumption	SFDR
	37	Total energy consumption in MWh related to own operations	SFDR
	40-43	Energy intensity linked to activities undertaken in sectors with material climate impacts	SFDR
<b>ESRS E1-6</b>	44	Scope 1,2,3 greenhouse gas emissions and total greenhouse gas emissions	SFDR/P3/BRR
	53-55	Gross greenhouse gas intensity	SFDR/P3/BRR
<b>ESRS E1-7</b>	56	Greenhouse gas removal and carbon credits	EUCL
<b>ESRS E1-9</b>	66	Portfolio exposure to physical climate risks	BRR
	66 (a);	Separation of monetary amounts by acute and chronic physical risk; location of significant assets in significant physical risk	P3
	66 (c)	Breakdown of the carrying amount of property assets by energy efficiency class	P3
	67 (c) 69	Degree of exposure of the portfolio to climate-related opportunities	BRR
<b>ESRS E2-4</b>	28	Amount of each pollutant listed in Annex II of E-PRTR Regulation emitted to air, water and soil	SFDR
<b>ESRS E3-1</b>	9	Water and marine resources	SFDR
	13	Dedicated policy	SFDR
	14	Sustainable oceans and seas	SFDR
<b>ESRS E3-4</b>	28 (c)	Total amount of water recycled and reused	SFDR
	29	Total water consumption in m3 per net income from own activities	SFDR

Disclosure requirement	Data point	Disclosure	Regulation*
<b>ESRS E4, SBM-3 (ESRS 2)</b>	16 (a) (i)	Activities adversely affecting biodiversity sensitive areas	SFDR
	16 (b)	Land degradation, desertification or soil sealing	SFDR
<b>ESRS E4-2</b>	24 (b)	Sustainable land / agricultural practices or policies	SFDR
	24 (c)	Sustainable ocean / sea practices or policies	SFDR
	24 (d)	Policies against deforestation	SFDR
<b>ESRS E5-5</b>	37 (d)	Waste that has not been recycled	SFDR
	39	Hazardous waste and radioactive waste	SFDR
<b>ESRS S1, SBM-3 (ESRS 2)</b>	14 (f)	Risk of child labour incidents	SFDR
	14(g)	Risk of incidents of child labour	SFDR
<b>ESRS S1-1</b>	20	Human rights policy commitments	SFDR
	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1-8	BRR
	22	Processes and measures for preventing trafficking in human beings	SFDR
	23	Workplace accident prevention policy or management system	SFDR
<b>ESRS S1-3</b>	32 (c)	Complaint handling mechanisms	SFDR
<b>ESRS S1-14</b>	88 (b) and (c)	Number of work-related deaths and number and rate of work-related accidents	SFDR/BRR
	88(e)	Number of days lost due to injuries, accidents, fatalities or diseases	SFDR
<b>ESRS S1-16</b>	97 (a)	Unadjusted gender pay gap	SFDR/BRR
	97 (b)	Excessive CEO pay ratio	SFDR
<b>ESRS S1-17</b>	103 (a)	Cases of discrimination	SFDR
	104 (a)	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	SFDR/BRR
<b>ESRS G1-1</b>	10 (b)	United Nations Convention against Corruption	SFDR
	10 (d)	Protection of whistleblowers	SFDR
<b>ESRS G1-4</b>	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	SFDR/BRR
	24 (b)	Standards of anti- corruption and anti- bribery	SFDR

\*SFDR - Sustainable Finance Disclosure Regulation, Reference to the Regulation on disclosure of information related to sustainable development in the financial services sector  
BRR - Benchmark Regulation, Reference to the regulation on benchmarks  
P3 - Pillar 3, Reference to the Third Pillar  
EUCL - European Climate Law, Reference to the European Climate Law



## Chapter two: Environment

### E1 - Climate change

#### SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)

The analysis of climate risks and opportunities using climate scenarios for the LW Bogdanka Group was not subject to double materiality analysis - the organisation conducted a separate identification and assessment process in this regard in 2024, which was not completed in the reporting period. As part of the financial materiality analysis, LW Bogdanka Group, together with external experts, identified climate-related risks and opportunities, which were then categorised into two categories: physical and transition risks and opportunities. Climate risks and opportunities that have reached the materiality threshold are disclosed in the section below. The Group has also not conducted a resilience analysis of its strategy and business model in relation to climate change - the organisation does not yet have specific plans to carry out such an analysis. As part of the financial materiality analysis process, the Lubelski Węgiel Bogdanka Group identified 4 material risks and one opportunity related to climate change mitigation and one material negative impact:

Risk category/opportunity	Description	Time perspective	Location of occurrence
Risks / transitions	Regulatory changes in the scope of ESG/sustainability generate the risk of higher costs of doing business and ultimately the necessity to cease mining operations	Short-term	All LW Bogdanka Group (not applicable to Eko trans Bogdanka)
Opportunity and risk/transition	New technological solutions can both pose a risk - new, alternative and low-carbon energy sources - and offer an opportunity - the possibility to implement technological solutions to reduce the climate impact of one's own activities	Medium-term	
Risks / transitions	Changes in customer and consumer expectations can generate the risk of reducing coal demand. Due to the current structure of energy sources, the time and cost of changing this structure is a long-term risk. The assessment relates to the short- to medium-term perspective - therefore the probability has been assessed as unlikely	Long-term	
Risks / transitions	Material reputation risks have been identified for the mining industry as a whole, particularly related to fossil fuel mining. It was assumed that the materialisation of this risk also has an impact on access to finance (exclusion of the fossil fuel sector from financing).	Medium-term	
Impact category	Description	Time perspective	Location of occurrence
Negative linked to climate change mitigation	Coal mining and its combustion in power plants contribute to the emission of greenhouse gases, such as carbon dioxide (CO <sub>2</sub> ), as the main factors affecting global warming. These processes lead to an increase in the concentration of greenhouse gases in the atmosphere, which contributes to climate change.	Short-term	Upstream value chain

### **IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities**

The process of identifying and assessing climate-related material risks, opportunities and impacts is conducted at the Lubelski Węgiel Bogdanka Group separately, besides the double materiality analysis conducted. This process was completed in March 2025, but the results were not included in the double materiality analysis to the 2024 report. For these reasons a climate-related scenario analysis was not implemented and used as part of the double materiality analysis.

The process of identifying the Material impacts, risks and opportunities identified in the double materiality analysis conducted in 2024, together with the criteria adopted and the methodology used, are described in this statement in ESRS Indicator 2 General disclosures - IRO-1 Description of the process used to identify and assess material impacts, risks and opportunities. .

As part of the financial materiality process, the LW Bogdanka Group relied on the criteria and guidelines of the ESRS standards. The process took into account the identified climate risks and opportunities scaled according to the TCFD climate risks and opportunities classification methodology: physical and transition. The assessment of the impact of risks and opportunities on the organisation's operations and value chain included an analysis of the probability of occurrence and financial severity in three time perspectives (consistent with EFARGU criteria). The assessment considered one RCP 8.5 "Business as usual" scenario for physical risks and RCP 4.5 for transition risks. The analysis did not include an assessment of the extent to which the organisation's assets and business activities may be exposed to severe physical risks. *As part of the LWB Group's maturity-building process, opportunities to expand the financial materiality analysis process in the context of the ESRS E1 standard will be explored internally in future years, taking into account evolving market practices for the mining sector in Poland.*

\* The activities carried out in the reporting period were not based on natural resources.

\*\* As the Group is publishing an ESRS-compliant report for the first time, it is not possible to provide quantitative and qualitative information on the progress of activities or plans disclosed in previous years.

\*\*\*The baseline value in 2024 was 318,969.989 MWh.

### **E1-1 - Plan of transition to climate change mitigation needs**

The Lubelski Węgiel Bogdanka Group has not adopted a transition plan for climate change mitigation and has not taken measures to develop such a document.

### **E1-2/ ESRS 2 GOV-3 - Policies related to climate change mitigation and adaptation and integration of sustainability-related performance in incentive scheme**

The LW Bogdanka Group has not adopted a policy regulating significant issues related to sustainable development - the organisation has not developed assumptions that address key aspects of its climate impact, including greenhouse gas emissions, energy and energy efficiency, climate change mitigation or climate change adaptation. The failure to adopt the policy is due to the process that started in 2024 - and planned to be completed in 2025 - to prepare the initial building block needed for further work on the policy's assumptions, namely climate risks and opportunities and climate scenarios.

Environmental issues, including the reduction of the organisation's negative impact on the environment, are addressed in the parent company through the Integrated Management System, which includes, among others, an Environmental Management System. Integrated Management System Book of LW Bogdanka S.A. identifies the following issues as the most important aspects:

- identification and assessment of environmental aspects,
- monitoring the key characteristics of environmental aspects,
- identification of legal and other requirements and compliance assessment,
- development of environmental programmes.

The IMS Policy has been approved by the Management Board of LW Bogdanka S.A., which is also responsible for implementing its provisions and monitoring its effectiveness. The regulation is available on the company's website. The system is compliant with ISO 9001:2015, ISO 14001:2015, ISO 45001: 2024 standards.

The Integrated Management System, addressing the entity's impact on the environment, has also been adopted at Łęczynska Energetyka and is based on ISO 14001: 2015 and ISO 9001:2015 standards.

The LW Bogdanka Group does not include climate-related issues in the remuneration of members of the administrative, management and supervisory bodies of the subsidiaries and the parent company.

### **E1-3 - Measures and resources in relation to climate policy**

The Integrated Management System determines LW Bogdanka S.A.'s climate change mitigation and energy efficiency activities carried out in 2024 and planned until 2026 or 2027. The regulation does not define deadlines for individual tasks, indicating only cut-off dates for their completion. The measures applied as decarbonisation leverage, i.e. to reduce emissions, include investment in technological processes and in a photovoltaic farm\*:

- replacement of the pump set of the main drainage system in the chamber below the alteration with a new set with increased efficiency - annual energy savings of 2352 MWh (1691 Mg CO<sub>2</sub>e)
- upgrading existing lighting to LED (gradual replacement over 3 years) - planned energy savings of 850 MWh (611 Mg CO<sub>2</sub>e)
- replacement of two transformers supplying power to the mines in the Stefanów field with higher efficiency equipment - energy savings of 209 MWh (150 Mg CO<sub>2</sub>e)
- commencement of the works on commissioning the construction of the photovoltaic farm of up to 10MW in the years 2025-2027

These activities were carried out in the municipality of Puchaczów, in the Lublin voivodeship, where the parent company operates. The scope of the key activities includes LW Bogdanka S.A.'s\*\* own operations and their implementation did not require significant Group-wide capital expenditure - a net expenditure of PLN 3,145,600 was spent on the following activities in 2024 - these expenditures are not included in the EU Taxonomy section of the report. According to the company's estimates, the measures implemented in the years 2024-2026 will reduce greenhouse gas emissions by 2,445 Mg eCO<sub>2</sub> per year. During the period covered by the statement, no key activities oriented towards the achievement of climate change mitigation targets were carried out in other subsidiaries of the LW Bogdanka Group.

### **E1-4 - Climate change mitigation targets**

In the Lubelski Węgiel Bogdanka Group, climate change mitigation targets are set in the individual companies that create the organisation. In the reporting period, only the Group's parent company has set a mitigation-oriented target of reducing energy consumption for its own operations by 3,400 MWh per year in the years 2024-2026 relative to 2024\*\*\* - which directly contributes to climate change mitigation.

Achievement of the target by the company is planned until 2026, while the target, associated metrics, significant assumptions, constraints, sources and data collection processes were not changed during the reporting period.

The target was created in relation to the company's significant environmental aspects, taking into account energy consumption. In setting the energy reduction target, LW Bogdanka did not use data presenting unquestionable scientific evidence, the process took into account applicable regulations, the results of energy efficiency audits submitted to the ERO and internal technical knowledge. The setting of objectives was guided by the diverse sources available within the unit - no dedicated methodology was adopted for setting and defining them. Through expert consultation, stakeholders were involved in the process, in particular: auditors, employees of organisational units responsible for environmental areas and, the certification body. In the period covered by the statement, a detailed process was in place to monitor progress against the objective as part of the monitoring of the environmental objectives of the Integrated Management System. The evaluation of the achievement of the targets will be carried out after the most significant investments oriented towards reducing energy consumption have been made, allowing the full effectiveness of the and verification of the measures taken.

The LW Bogdanka Group did not adopt greenhouse gas emission reduction targets, as the Group was working on a new methodology for calculating the organisation's emissions in the reporting period. The Group's adoption of the revised methodology and making calculations in accordance with it for the baseline year (2024) is key to developing adequate and measurable reduction targets.

## E1-5 - Energy consumption and energy mix

Energy consumption and energy mix	Comparative information
Consumption of fuel from coal and coal products (MWh)	122,311.37
Consumption of fuel from crude oil and petroleum products (MWh)	42,585.64
Consumption of fuel from natural gas (MWh)	-
Consumption of fuel from other fossil sources (MWh)	-
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	358,090.32
<b>Total consumption of energy from fossil sources (MWh)</b>	<b>522,987.33</b>
<b>Share of fossil fuel sources in total energy consumption (%)</b>	<b>99.99</b>
Nuclear energy consumption (MWh)	-
Fuel consumption in case of renewable sources, including biomass (comprising also industrial and municipal bio-waste, biogas, renewable hydrogen, etc.) (MWh)	--
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	--
Non-fuel self-generated renewable energy consumption (MWh)	44.13
<b>Total consumption of renewable and low-emission energy (MWh)</b>	<b>44.13</b>
<b>Share of renewable sources in total energy consumption (%)</b>	<b>0.01</b>
<b>Total energy consumption (MWh)</b>	<b>523,031.45</b>
<b>Energy intensity (total energy consumption per net revenue) associated with activities in sectors of material impact on climate*</b>	<b>0.143MWh/PLN 1,000</b>
<b>Sectors of material climate impacts that are used to determine energy intensity*</b>	<b>Mining and quarrying: hard coal mining</b> <b>Generation and supply of electricity, gas, steam and air conditioning systems</b>

\*The calculations are based on the energy consumption data and net sales revenue disclosed in the Consolidated Financial Statements of the LW Bogdanka Group, Item 18.

## E1-6 - Gross Scope 1, 2 and 3 greenhouse gas emissions and total greenhouse gas emissions

In 2024, the LW Bogdanka Group has taken steps to carry out comprehensive inventory and report Scope 1, Scope 2 and Scope 3 greenhouse gas emissions data in accordance with the Greenhouse Gas Protocol (GHG Protocol) standard: A Corporate Accounting and Reporting Standard Revised Edition and Corporate Value Chain (Scope 3) Accounting and Reporting Standard). The above process comprised all LW Bogdanka Group's companies, i.e. RG Bogdanka Sp. z o.o., EkoTrans Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o. and Łęczyńska Energetyka Sp. z o.o.

For the purposes of demarcating the organisational boundaries of the LW Bogdanka Group for the inventory of GHG emissions, the operational control method was established, which means that if the Group had control over a given process, emissions were attributed to it in full, whereas if it did not have such control, emissions were not attributed at all.



### Summary of calculated emissions of the Bogdanka Group in Scopes 1, 2 and 3

**2024**

#### Scope 1 greenhouse gas emissions

Scope 1 gross greenhouse gas emissions [t CO2e]	75,596.88
Percentage of Scope 1 greenhouse gas emissions from regulated emission trading schemes (%)	53.56

#### Scope 2 greenhouse gas emissions

Scope 2 gross greenhouse gas emissions according to location-based method [t CO2e]	179,249.85
Scope 2 gross greenhouse gas emissions according to market-based method [t CO2e]	252,404.00

#### Significant Scope 3 greenhouse gas emissions

Total gross indirect greenhouse gas emissions (Scope 3) [t CO2e]	19,703,222.50
1. Goods and services purchased	54,951.74
2. Investment assets	42,343.18
3. Activities related to fuel and energy (not included in Scope 1 or 2)	48,221.80
4. Upstream transport and distribution	13,116.11
5. Waste generated as part of the operation	82,542.87
6. Business travel	115.15
7. Employee commuting to work	1,215.29
8. Leased senior assets	0.00
9. Downstream transport	3,818.37
10. Processing of products sold	0.00
11. Use of products sold	19,456,085.50
12. End-of-life processing of products sold	0.00
13. Leased junior assets	812.50
14. Franchise	0.00
15. Investments	0.00

#### Total greenhouse gas emissions

Total greenhouse gas emissions (location-based method) [t CO2e]	19,958,069.23
Total greenhouse gas emissions (market-based method) [t CO2e]	20,031,223.38

The possibility of showing separately biogenic CO<sub>2</sub> emissions from the combustion of biocomponents mixed with fuels (petrol and diesel) was identified only in Scope 1. In Scopes 2 and 3, the emission factors used did not allow for the separation of biogenic CO<sub>2</sub>. The calculated biogenic emissions in Scope 1 amount to 581.70 t CO<sub>2</sub>.

The GHG emission intensity calculated using the market-based method taking into account net revenue was 0.005465462tCO<sub>2</sub>/PLN. On the other hand, the GHG emission intensity calculated using the location-based method taking into account net revenue was 0.005445502 tCO<sub>2</sub>/PLN. \*The calculations are based on Scope 1, 2 and 3 emission data and net sales revenue disclosed in the Consolidated Financial Statements of the LW Bogdanka Group, Item 18. The aforementioned data is also included in the table below:

Reporting method	Emission value [tCO2e]	Net sales revenue [thousand PLN]	Greenhouse gas intensity [tCO2/PLN]
Total greenhouse gas emissions (market-based method) [t CO2e]	20,031,223.38	3,665,056.00	0.005465462
Total greenhouse gas emissions (location-based method) [t CO2e]	19,958,069.23	3,665,056.00	0.005445502

The direct emissions (Scope 1) for 2024 include emissions from the combustion of fuels from both stationary and mobile sources, as well as emissions from the consumption of refrigerants from the company's refrigeration and air conditioning systems and the use of combustible and shielding gases. The indicators that were adopted for the calculations were taken from DEFRA 2024, IPCC 2021 and Greenhouse Gas Emissions during the Construction Phase of a Building: A Case Study in China. Seven greenhouse gases were calculated and reported under the Kyoto Protocol, i.e. carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

Fuel consumption (petrol and diesel) was multiplied by a dedicated indicator from the DEFRA database (for 100% mineral fuel), for which CO<sub>2</sub> was reduced by the required minimum proportion of biocomponents, i.e. 5.2% for diesel and 5.3% for petrol. These reduced emissions are shown outside the ranges as biogenic emissions. Under the GHG Protocol, biogenic carbon dioxide emissions are reported separately.

Indirect emissions (Scope 2) for 2024 according to the GHG Protocol methodology include electricity consumption and heat consumption.

A location-based method and a market-based method were used to calculate the emissions from the electricity used.

In the market-based method, information on electricity suppliers was used and then the respective CO<sub>2</sub> emission factors were applied for the identified suppliers. As none of the companies in the LW Bogdanka Group had guarantees of origin assigned from their electricity suppliers or other forms of confirmation that the energy purchased comes from renewable sources, e.g. a PPA, the residual mix indicator from the publication "European Residual Mixes; Results of the calculation of Residual Mixes for the calendar year 2023" was used for the calculations which does not take into account energy from renewable sources that has been covered by guarantees of origin.

For the location-based method, the emission factor for electricity published by the National Balancing and Emission Management Centre (KOBIZE) was used.

A hierarchy of data sources was used in the GHG analysis process to ensure maximum accuracy in the calculations. Priority was given to data reported by companies under the EU ETS, which guaranteed compliance with existing regulations. Secondly, calculated emissions for other purposes, e.g. KOBIZE, individual emission factors and calorific values provided by the companies were taken into account, allowing for a more precise consideration of the specifics of their operations. In the absence of the above data, emission factors from the DEFRA 2024<sup>1</sup>. This approach allowed regulatory compliance to be reconciled with the accuracy of the calculations and ensured consistency and comparability of results in the absence of more detailed information.

Under indirect emissions (Scope 3) the LW Bogdanka Group provided calculations of emissions based on all 15 categories. The categories related to the processing of sold intermediates, franchises and investments for 2024 do not generate emissions due to the absence of this type of activity.

The following tabular overview provides a detailed list of the categories considered, together with the methodological approach. All emission factors used are from external sources and databases, no primary data from suppliers was used.

Although the materiality range analysis shows that Category 11 is responsible for 97.13% of Scope 3 emissions. The use of products sold is the LW Bogdanka Group's business is so broad that the Group decided to publish all 15 Scope 3 categories according to the GHG Protocol, while maintaining completeness. This action, in the Group's view, can be perceived positively by investors, customers and other stakeholders, as it shows greater transparency and awareness of environmental impacts. The Group does not limit the publication of Scope 3 categories to relevant categories only, but publishes full data.

Category name	Methodological assumptions
Category 1 Purchased goods and services	Expenditure indicators, so-called spend - based on the EPA database, were used, i.e. individual accounting categories were assigned to the corresponding categories of goods and services contained in the EPA database.
Category 2 Investment assets	
Category 3 Energy and fuel-related emissions not included in Scope 1 and 2	Indicators from the DEFRA database were used
Category 4 Transport and distribution - upstream	For some of the purchase items shown, it was not possible to isolate the cost of transport included in the price of the goods or services. As a result, the GHG emissions associated with this transport have been included indirectly in categories 1 and 2, assuming that the cost of transport increases the value of goods and services, thereby increasing the estimated GHG emissions shown in these categories on this basis. For the remaining values, indicators from the EPA database were used.
Category 5 Waste generated by the entity's activities	Volume-based calculations based on EPA indicators for waste with specific treatment indicated. For the remaining waste (with unknown disposal method), data was adopted according to the national waste management based on the GUS Environmental Protection 2024 publication.
Category 6 Business travel	Indicators from the DEFRA database taking into account distance and mode of transport were used. The EPA database was used for hotel bookings.
Category 7 Employee commuting to work	Data on employee commuting was not monitored. To estimate emissions, a scenario based on data published by the European Statistical Office for Poland, multiplied by the number of employees, was used. Based on available data, an average daily distance travelled by a person of 7.9 km round trip per day, 5 days per week, 50 weeks per year was assumed. Normalisation of data on the percentage of transport modes chosen was applied. On this basis and the emission factors in the business travel - land category from DEFRA's emission factor database, a weighted average emission factor per employee of 0.072121 kgCO <sub>2</sub> e/km was calculated.
Category 8 Leased assets	Emissions are included in Scope 1 and 2.
Category 9 Transport and distribution - downstream	Calculated on the basis of the weight of the product transported and the transport distance together with the type of vehicle transporting the digestate.
Category 10 Processing of sold intermediate products	No emission
Category 11 Use of products sold	The source of emissions in this respect is coal, whose emissions were determined on the basis of quantitative data (product weights) and the assigned DEFRA indicator.
Category 12 Dealing with sold products after use	Due to the nature of LWB Group's operations, category 12, which relates to the disposal and processing of products sold by the company, was not applicable in the calculation of the Contracting Authority's carbon footprint for 2024.
Category 13 Assets leased	For the calculation of emissions, the number of leased assets, their surface area and their annual energy consumption were taken into account. For items without precise information on the consumption occurring, electricity consumption was estimated (electric heating was assumed) for the selected surface types. A rate of 225 kWh/m <sup>2</sup> was assumed for office space and 80kWh/m <sup>2</sup> for warehouse space.
Category 14 Franchise	No emission
Category 15 Investments	No emission



### **E1-7 - Greenhouse gas elimination and mitigation projects financed through carbon credits**

In 2024, the LW Bogdanka Group did not conduct greenhouse gas removal and reduction projects financed with carbon credits

### **E1-8 - Internal carbon pricing**

The LW Bogdanka Group has not implemented systems for internal carbon pricing.

### **E1-9 - Anticipated financial impacts from significant climate-related risks and opportunities**

The LW Bogdanka Group exercises the option to omit the information set out in in Appendix C, ESR5.1.

## **E2 - Pollution**

### **ESRS 2 IRO-1 - Description of the processes for identifying and assessing significant pollution impacts, risks and opportunities**

The identification of significant impacts, risks and opportunities of the Lubelski Węgiel Bogdanka Group related to pollution were carried out in the course of a double materiality analysis. The scope of the process included its own operations and the upstream and downstream value chain. Details of this process are provided in this statement in ESR5 Indicator 2 General Disclosures.

In the process of assessing the relevance of the themes, the results of a survey involving, among others, representatives of the local community were taken into account. An expert assessment of the impact on the local environment was also carried out based on existing reports and studies. There was no dedicated dialogue with the local community in the context of air pollution. The double materiality analysis identified materiality from both perspectives: financial materiality and impact materiality. As a result, it was shown that air pollution is significant both within the LW Bogdanka Group's own operations as well as in the upstream value chain and within its own operations from a financial materiality

perspective for the Łęczyńska Energetyka Company. The Group considers the process of burning coal in power plants, which contributes to greenhouse gas emissions as a business activity with significant pollution impacts, risks and opportunities. This process leads to an increase in the concentration of greenhouse gases in the atmosphere, and these are some of the causes of the climate change that is taking place. The financial materiality analysis process for the Lubelski Węgiel Bogdanka Group did not reveal any significant risks and opportunities related to air pollution. As a result, the entity does not disclose the information required by indicator E2-6: Anticipated financial impacts from significant air pollution risks and opportunities.

### **E2-1 - Pollution-related policies**

LW Bogdanka Group companies have not adopted separate regulations dedicated to air pollution and have not introduced policies for substituting and minimising the use of potentially hazardous substances and for phasing out substances of particular concern and avoiding incidents and emergencies. At the parent company, this issue is addressed indirectly in the provisions of the Integrated Management System Policy - the document indicates that the Company's adopted method of pollution prevention is to minimise the negative impact on the environment. Monitoring the effectiveness of the adopted policy is carried out by monitoring the pollution indicators generated by the organisation.

Air pollution issues will be addressed in the climate policy, the work on which at LW Bogdanka will start in the second quarter of 2025. The policy will be consistent with the Transition Plan/Climate Change Transformation Plan developed in parallel. The starting point for the above-mentioned documents is a list of climate risks and opportunities as well as climate scenarios, which are developed jointly with the Central Mining Institute - National Research Institute in late 2024 and early 2025. The document "Development of climate risks and opportunities based on climate scenarios for Lubelski Węgiel Bogdanka S.A." presents an analysis of climate risks and opportunities in the

context of anticipated climate change and their potential impact on the company's operations and strategy. The analysis is based on two climate scenarios: "Paris-aligned", which assumes that the Paris Agreement targets will be met and that the temperature rise will be limited to 2 degrees Celsius, and "Paris-missed", which predicts the failure of climate action and significant consequences for the economy.

### **E2-2 - Activities and resources related to pollution**

The main activities related to air pollution undertaken in 2024 as part of LW Bogdanka S.A.'s own operations included the monitoring of key characteristics of emitted pollutants, the use of dust removal equipment (bagging and cyclone) - these activities are implemented on a continuous basis and have no set time horizon. The priority in the Company was to operate in this area in full compliance with the administrative decisions obtained. The expected results of the activities performed are oriented towards guaranteeing full compliance with administrative decisions and reducing pollutant emissions.

In the case of RG Bogdanka, the air pollution measures were based on the operation of a mobile filter-ventilation unit. The other Group companies implemented monitoring activities during the reporting period by, among other things, verifying and disclosing emissions of from operations. At Łęczyńska Energetyka, data on pollution emissions, with the exception of CO2 emissions, are obtained as a result of periodic emission measurements carried out by an accredited laboratory. The results of emission tests are submitted to the Regional Environmental Protection Inspection and the Department of Environmental Protection of the Lublin City Hall. The activities are carried out in the Company's own operations, on a continuous basis and have no set time horizon. The measures taken by LW Bogdanka S.A. did not involve significant operating expenses or financial outlays. In the future, the Lubelski Węgiel Bogdanka Group will strive to continue the currently implemented activities.

### **E2-3 - Pollution-related goals**

LW Bogdanka Group companies have not adopted measurable air pollution targets due to the policy developed and planned for adoption in 2025 regulating climate issues. The binding 2024 objective outlined for the parent company is the pollution prevention enshrined in the Integrated Management System Policy by minimising negative environmental impacts, which is expected to result in improved environmental performance parameters. The scope of the goal relates to the entity's entire operations, while the Company has not set a target level and a base year for the target. The period covered by the target will last until 2026.

Due to the general formulation of the pollution target, the company did not adopt a methodology for setting it, nor did it base it on scientific evidence. The objective - as well as the corresponding content of the Integrated Management System Policy - was not changed in 2024. In setting the target, LW Bogdanka S.A. involved internal stakeholders - representatives of the employer and trade unionised employees, which is a requirement of the ISO standard.

In the parent company, compliance with the target is controlled by monitoring air emissions.

E2-4 - Air pollution

In the Group, exceedance of the thresholds for releases to air set out in Annex II of Regulation (EC) No 166/2006 were recorded for one pollutant (fluorocarbons) in 2024. Pollutants emitted during the reporting period remained at comparable levels to 2023. For their calculation, data on the consumption of welding consumables, refrigerant consumption and operating time of dust extraction equipment, measurements from control measurement points and calculations using official indicators for individual substances were used.

Factors emitted to air by LW Bogdanka S.A. in 2024:

	LW Bogdanka [kg]	MRB [kg]	RGB [kg]	Łęczyńska Energetyka [kg]	Consolidated data	Limit (kg/year)
Fluorocarbons	1,600.4	0	40	0	1,640.4	100
Ammonia	100	0	0	0	100	10,000
Nitrogen oxides	13.54	0.07	1,718.02	46,121	47,852.6	100,000
Carbon oxides	0	25.92	179.73	154,393	154,598.65	500,000
Sulphur oxides	0	14.4	40.32	18,696	18,752.72	150,000
PM 10 dust	22,757.32	0	0	258	23,015.32	50,000



## E3 - Water and marine resources

### ESRS 2 IRO-1 - Description of the processes for identifying and assessing material impacts, risks and opportunities related to water and marine resources

The identification of significant impacts, risks and opportunities of the Lubelski Węgiel Bogdanka Group related to water and marine resources were carried out in the course of a double materiality analysis. Details of this process together with [(E3) 8(b)] a description of the stakeholder engagement survey can be found in this statement in indicator ESRS 2: IRO-1: Description of the process to identify and assess significant impacts, risks and opportunities General information. The implemented process did not use additional methods, assumptions and tools specific to the topics of water and marine resources and did not identify affected communities by water use and abstraction.

Water consumption is a significant component of the Group's own operations. Coal mining requires significant amounts of water for technological processes including, among others, machine cooling, dust suppression and coal washing. The Group sources water for these purposes from the dewatering of the mining plant. In the Group's value chain, coal-fired power plants use water to cool turbines and condensers in the power generation process.

In the context of discharges, water from mine plant dewatering can affect surface water quality, while in relation to the downstream, coal-fired power plants may discharge heated water and industrial effluent into local watercourses, which in turn can affect water temperature and quality.

The financial materiality analysis process for the Lubelski Węgiel Bogdanka Group did not reveal any significant risks and opportunities related to water and marine resources. As a result, the entity does not disclose the information required by indicator E3-5: Anticipated financial effects resulting from impacts, risks and opportunities related to water and marine resources.

### E3-1 - Policies related to water and marine resources

The Lubelski Węgiel Bogdanka Group, basing its activities in this area on Polish legislation, has not adopted separate policies related to significant impacts on water consumption and discharges. Internally, these issues are covered in the provisions of the Integrated Management System Policies of two Group Companies: LW Bogdanka and Łączna Energetyka. According to the documentation, LW Bogdanka minimises its negative impact on the environment by carrying out activities focused on rational water consumption. Conducting operations in areas at high risk of drought, the entity's main activity in this aspect is to carry out continuous monitoring of water quality and quantity, supervision and regular inspections of facilities involved in water and wastewater management processes, as well as upgrading individual installations if necessary. Łęczyńska Energetyka's Integrated Management System policy addresses the company's negative impact on the environment by preventing risks and pollution that could affect the environment.

The Group has not adopted specific policies related to significant impacts in relation to water consumption and discharges, as the organisation believes that these issues, at the stage prior to the adoption of the climate-related policy, did not require detailed specification, and that their inclusion in the Integrated Management System Policy is a determinant of the company's (specific and tailored) design, investment and operational activities undertaken.

### E3-2 - Activities and resources related to water and marine resources

Parent Company in the Lubelski Węgiel Group Bogdanka conducts its operations in a way that minimises the use of water in production processes, with an overriding concern for the continuity of plant operations and employee safety. Key activities are undertaken as part of their own operations on an annual basis. The main activities of the entity carried out on a continuous basis are the continuous environmental monitoring of water quality and quantity, the constant supervision and regular inspection of the facilities involved in water

and wastewater management processes, as well as the upgrading of individual installations, e.g. pumping systems, if necessary. In 2024, the use of mine water for process purposes was approximately 41% of the pumped water. In the future, the unit plans to continue the aforementioned measures focused on reducing water consumption.

With regard to water discharges, the company operates on the basis of administrative decisions allowing it to manage water. These decisions define the quantitative and qualitative parameters that must be met when managing water. LW Bogdanka's water discharge measures were based on reducing mine water pumping and managing pumped water in 2024. In order to reduce water discharges, the Company operates effective circular economy by using water for the Mechanical Coal Processing Plant, as well as the Water Treatment Plant, which treats water for technological and fire-fighting purposes. Approximately 35% of mine water is reused. In addition, hydrotechnical works, construction of water reservoirs, maintenance of drainage ditches and reclamation were carried out.\*

The water consumption activities undertaken by the parent company did not require significant operating expenditures or capital expenditures in 2024 -

due to the lack of planned activities, the Group has also not budgeted it in 2025. Expenditure on water discharges amounted to PLN 35.3 million and was related to the construction of a pumping station at RE Źelazny used, among other things, for the discharge of mine water. In 2025, the company has budgeted PLN 13.1 million for the continuation of this work.

In the reporting period, no stakeholders were identified who were disadvantaged as a result of consumption, water discharges or other activities carried out by Group companies. Measures to ensure remedial action for persons potentially affected by water consumption or water discharges by LW Bogdanka S.A. are provided for in the company's technical and economic plan - in particular the budget for environmental protection and mining damage.

Due to the preparation of an ESRS-compliant report for 2024 in the LW Bogdanka Group for the

first time, it is not possible to disclose qualitative and quantitative information on the progress of activities in relation to the information disclosed in previous years.

With regard to the significant impact identified, RG Bogdanka and MR Bogdanka did not undertake any significant activities related to water resources during the reporting period. Łęczyńska Energetyka operates deep-water intakes in the Bogdanka, Stefanów and Nadrybie fields. Water discharge is carried out in accordance with the applicable permits. The Water Treatment Station has been operating at the Bogdanka Field for several years, which produces - through a treatment process - drinking and process water from underground water. MR Bogdanka takes water from the Łęczyńska Energetyka and discharges waste water into the sewerage system, of which the Łęczyńska Energetyka is also a recipient. This is a process leading to reduced water consumption from external sources and efficient management of water resources in the scope of Łęczyńska Energetyka's and LW Bogdanka's own operations, in a fixed annual timeframe. The volume of water coming from the SUW in 2024 was 3,472,960 m<sup>3</sup>.



E3-3 - Goals related to water and marine resources

The water and marine resource goals for 2024-2026 are adopted in the LW Bogdanka Group only at the level of the parent company and Łęczyńska Energetyka and refer to the indicated significant impacts in section IRO-1.



LW Bogdanka S.A

Water consumption target

- Mitigating environmental impact
- Maintaining water reuse at a minimum level of 30%
- 

Water discharge target

- Mitigating environmental impact
- Maintaining water reuse at a minimum level of 30% for 2024
- Limiting water discharge
- Mine water management
- Conducting activities in accordance with water permits

Result in achieving the targets

- Water reuse at a level of 41.25%
- Reducing mine water discharge by 21% compared to 2023

Łęczyńska Energetyka

- Minimising transmission losses

- Ensuring that a closed water circulation is maintained by treating treated wastewater at the SUW to the quality level of process water

- Current information on water losses, reduction of water mains failures during the year
- 100% of treated wastewater is reused (eliminating the process of discharging treated wastewater outside)



The adopted objectives covering only the two companies' own operations: Łęczyńska Energetyka and LW Bogdanka, result from the Integrated Management System Policy. The target level of LW Bogdanka S.A.'s targets has been set for the objective of maintaining water reuse at a specific level of min. 30% in the reporting period. Łęczyńska Energetyka did not set target levels for the objectives, baselines were also not set in the target setting process.

In setting the water resources target, LW Bogdanka S.A. was guided by compliance with standards, legal requirements and principles of rational water and wastewater management. Łęczyńska Energetyka does not have the data to report a description of the methodology and significant assumptions made in setting the targets. Both companies did not use clear scientific evidence in the target-setting process. As part of the process of identifying environmental objectives, the companies have taken into account the requirements of diverse stakeholders (including: suppliers, contractors, employees and others). Stakeholder perspectives were included in the dialogue at the consultation meetings.

The voluntary targets adopted by LW Bogdanka and Łęczyńska Energetyka did not change during the reporting period. The associated metrics or underlying measurement methods, significant assumptions, limitations and data collection sources and processes have also not changed.

LW Bogdanka S.A. monitors the achievement of the objectives by maintaining a quantitative and qualitative balance in accordance with legal requirements, in particular those set out in the water permit. Łęczyńska Energetyka takes a corresponding approach to the issue of monitoring, presenting its effects in the reports it prepares to meet its disclosure obligations.

RG Bogdanka has not set water consumption targets - water abstraction is not verified by the company, as it is included in the cost of renting the premises and the services provided. MR Bogdanka, RG Bogdanka and Ekotrans do not discharge water and, as a result, have not set water use targets.



**E3-4 - Water consumption**

	LW Bogdanka S.A	Łęczyńska Energetyka	RG Bogdanka	MR Bogdanka	Consolidated data
Total water consumption in m3	274,372	3,622,655	No data	1,472	3,898,499
Total water consumption in m3 in water-risk areas, including areas with significant water deficits	274,372	3,622 655	No data	1,472	3,898,499
Total amount of water recycled and reused in m3	3,784,010*	148,233	No data	3,704	3,935,947
Total volume of water stored	0	9,400	No data	0	9,400
Change in storage in m3	0	0	No data	0	0

\*managed mine water in 2024.



Contextual information:

During the reporting period, RG Bogdanka did not have data to disclose the total water consumption in m3 due to the fact that water consumption is included in the costs of renting premises from the parent company. In the future, the Group plans to take steps to develop detailed systems dedicated to environmental data management, based on scientific data (historical, current and forecast). This activity will be implemented by project after external funding has been obtained, as part of a consortium with UMCS, PAN and the University of Silesia in Katowice.

At LW Bogdanka S.A., water consumption is limited to the use of water for social and technological purposes. For technological purposes, water is drawn from the water stream coming from the dewatering of the mining plant. The remaining water from the dewatering of the mine, after being pre-treated from suspended solids, is discharged into a surface watercourse and feeds into surface water bodies. Data for Łęczyńska Energetyka and MR Bogdanka comes from water meter readings. Within its own operations, quantitative indicators are subject to continuous monitoring and analysed through cyclical reports.

Water absorption: Total water consumption from own operations for every EUR 1 million of net revenue:\*

Łęczyńska Energetyka	1817.9
MR Bogdanka	0.000172239
LW Bogdanka S.A	4738.46

E4 Biodiversity and ecosystems

SBM 3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Lubelski Węgiel Bogdanka S.A. is located in the Central Coal District situated in the north-eastern, best-recognised part of the Lublin Coal Basin. Geographically, the Central Coal District is situated within the boundaries of Polesie Lubelskie, with only small of its parts passing into the Lublin Uplands. Administratively, the Bogdanka mine is located in the Lublin Voivodeship, in the area of Puchaczów, Ludwin and Cyców municipalities. The Company operates in the following Mining Areas:

- Puchaczów V with an area of approximately 73.36 km2,
- Stręczyn with an area of approximately 9.38 km2,
- Ludwin with an area of approximately 78.67 km2,
- Cyców with an area of approximately 40.73 km2.

The mining areas of the mine are divided into three mining fields - the Bogdanka field, the Stefanów field and the Nadrybie field. The Group's activities in the mining sector are related to the exploitation of hard coal, an important raw material in the Polish energy mix. As a result of its operations, the Group identifies mining damages as factors that negatively affect biodiversity-sensitive areas. The impact is related to the degradation of nearby land located in the vicinity of the operations caused by the expansion of the mining waste facility and associated occupation of new land. At the same time, the Company does not excavate in biodiversity-sensitive areas, thus mining has no direct impact on endangered species and any major investments are linked to obtaining formal approvals in advance, including, among others, an environmental decision.

ESRS 2 IRO-1 - Description of the processes for identifying and assessing material impacts, risks and opportunities related to biodiversity and ecosystems

Material impacts, risks, relationships and opportunities related to the LW Bogdanka Group's biodiversity and ecosystems were identified during a double materiality analysis conducted in accordance with the ESRS standard and the CSRD. The analysis included own operations, upstream and downstream value chains and the assessment criteria detailed in the ESRS-2 General Information indicator IRO-1- Description of the processes for identifying and assessing material impacts, risks and opportunities. As part of its financial materiality process, the Group did not categorise the identified biodiversity-related risks and opportunities into transition risks/opportunities, physical risks and did not include systemic risks. The impact materiality analysis process did not include an additional and extensive process of identifying and assessing dependencies on biodiversity and ecosystems and related services in their own locations. In specific cases, the Group carries out a detailed analysis of the impact of its activities on the local environment. When the implementation of a project involves a potential risk of environmental impact, a decision is made to carry out a dedicated environmental impact assessment of the project.

In the process of identifying the significant impacts of risks and opportunities, a stakeholder perspective was taken into account. The stakeholder engagement process is described in detail in the chapter on ESRS2, section IRO-1- description of the processes for identifying and assessing significant impacts, risks and opportunities. The stakeholder engagement process performed did not include a dedicated consultation for the themes of biodiversity-related consultations. In the context of biodiversity, the stakeholder perspective was taken into account through the involvement of representatives of the LWB Group's divisions and branches, in dialogue with local communities. Due to the specific nature of its operations, LW Bogdanka S.A. applies a special approach to consultation with affected communities. In the

Company, this area is managed, among other things, by the Mining Damage Team at meetings of the Negotiation Team . According to the organisation, the risk of the greatest impact on biodiversity and ecosystems is associated with the operation of the Mining Waste Disposal Facility (OUOW) - the company strictly adheres to all the guidelines contained in the administrative permits in this regard. LW Bogdanka conducts its activities in the close vicinity of protected areas, including Natura 2000 Uściwierskie Lakes or Polesie, the Łęczna Lake District Landscape Park, the Polesie Protected Landscape Area and the Chełm Protected Landscape Area. In addition, it owns 6.39 ha of grassland within the boundaries of the aforementioned Natura 2000 sites. The Group's activities have a negative impact on the local natural environment. The impact of the organisation's activities on local biodiversity is constantly monitored. In the reporting period, no negative impacts leading to deterioration of natural and species habitats or disturbance of species for which the protected area was designated were identified.

In relation to the impact of the organisation's activities on biodiversity, activities focused on mitigating the impact and mitigating the loss of biodiversity are carried out, described in detail in section E4-3 "Biodiversity and ecosystem activities and resources". The description includes information on own initiatives not resulting from dedicated legislation setting out measures to mitigate biodiversity loss.

\*The calculations were made using an exchange rate of EUR 1 = PLN 4.20. The calculations were based on net sales revenue disclosed in the Consolidated Financial Statements of the LW Bogdanka Capital Group, item 18.  
\*\* In the Cyców Mining Area, roadworks are carried out to make the coal deposit accessible for future mining of the deposit.

#### **E4-1 - Biodiversity and ecosystem transition plan and integration of biodiversity and ecosystems in the strategy and business model**

Impacts related to biodiversity and ecosystems of LW Bogdanka S.A. are directly linked to the organisation's business model. In line with the Integrated Management System Policy, the company aims to minimise negative environmental impacts and improve the environmental performance of its operations. In 2024, the parent company in the LW Bogdanka Group has not carried out an analysis of the resilience of its business model and strategy to related to biodiversity and ecosystems physical risks, transition risks and systemic risks.

#### **E4-2 - Policies related to biodiversity and ecosystems**

The significant impact identified during the double materiality analysis related to ecosystems and biodiversity is related to land degradation. No separate policy has been adopted at LW Bogdanka S.A. to address this impact - the issue is managed through the Integrated Management System Policy. The document is a commitment by the organisation to minimise its negative impact on the natural environment and improve the environmental performance of its activities, including through land reclamation and the creation of water bodies. The Company's Management Board is responsible for implementing the provisions of the Policy.

#### **E4-3 - Activities and resources related to biodiversity and ecosystems**

The activities oriented towards supporting the preservation of biodiversity in 2024 by LW Bogdanka S.A. include:

- monitoring of previously undertaken reclamation measures\*, care for green spaces,
- natural inventory of mining areas,
- project monitoring rivers and lakes in mining areas,
- correct operation of machinery and equipment to prevent leaching into the ground,

- proper handling of hazardous substances,
- storage of waste in accordance with instructions,
- proper operation of the groundwater reservoir,
- developing biodiversity guidelines for investments, projects and other operational and development activities,
- cooperation with partners within the framework of a grant fund for researchers for research and scientific activities in the field of environmental protection,
- partnerships with environmental organisations and environmental institutions.

The organisation's plans include the reclamation of mining damage areas and the OUOW site in Bogdanka. In the Group's view, the activities undertaken are not likely to result in a negative impact on sustainability, and the nature of the activities undertaken is not a one-off practice but a systemic solution.

The company involves local municipalities and residents in its efforts by agreeing the scope of reclamation and how to deal with areas affected by mining damage. In the period under review, these activities did not involve significant operational or capital expenditure.\* Within the framework of the activities undertaken, the Group allocated diversified resources to their implementation - these included financial resources and personnel resources performing analyses and studies. The subsidiaries in the LW Bogdanka Group did not undertake land degradation mitigation activities in 2024. As the 2024 statement is the first statement based on ESRs standards, LW Bogdanka Group does not report progress compared to previous periods.

#### **E4-4 - Biodiversity and ecosystem targets**

32 d] Land degradation targets in mining areas at LW Bogdanka S.A. indirectly result from the Geological and Mining Act. According to the provisions of the regulation, the entrepreneur is responsible for repairing the damage caused by mining activities. In the framework of the adopted targets for 2023-2025 with an outlook to 2030 for LW Bogdanka, the organisation is committed to implementing 100% of the projects and investments that meet the criteria for biodiversity protection and remediation of damage caused by mining activities-removal of mining damage and remediation activities.

In adopting the objectives, reliance was placed on national legislation, issued concessions, environmental decisions and other departmental stipulations. The targets were not developed directly by LW Bogdanka S.A. using data based on conclusive scientific evidence and did not include ecological thresholds. The company has set a target level for one of the adopted targets of 100% of the baseline values. In the process of developing the objectives, the Company has taken into account the stakeholder perspective gained from the Mining Damage Consultation Team meetings held, consultation and review meetings with the administrative authorities of the environmental and departmental decision scopes, including those resulting from the agreements, recommendations and audit recommendations. Biodiversity targets remained unchanged during the reporting period and were not linked to global and EU biodiversity conservation strategies. As the 2024 statement is the first statement based on ESRs standards, LW Bogdanka Group does not report progress compared to previous periods.

Actions to compensate for the loss of biodiversity when LW Bogdanka S.A. sets targets include determining the extent of flooding and the possibility of building new water reservoirs, as well as analysing land subsidence maps for the formation of flooding. In addition, as part of its remedial activities, the Group focuses on drainage, water regulation and maintenance work related to, among other things maintenance of drainage ditches.

The objectives adopted by the company in the mitigation hierarchy can be assigned to:

- minimisation (mining planning based on concessions and environmental decisions),
- restoration and rehabilitation (construction of water reservoirs, rehabilitation of OUOW),
- compensation measures (compensatory planting).

No land degradation (anti-degradation) targets have been adopted in the subsidiaries in the LW Bogdanka Group.

#### **E4-5 - Impact measures related to changes in the scope of biodiversity and ecosystem**

In the Natura 2000 areas, LW Bogdanka S.A. owns six meadows with a total area of 6.39 ha. The company bought them out as part of the removal of mining damage. In addition, the Nadrybie field of approximately 10 ha is located close to the Natura 2000 sites.

#### **E4-6 - Anticipated financial effects arising from risks and opportunities related to biodiversity and ecosystems**

The Group's financial materiality analysis process did not identify any significant risks and opportunities related to biodiversity. As a result, the entity does not disclose the information required by indicator E4-6: Anticipated financial effects arising from risks and opportunities related to biodiversity and ecosystems

\*LW Bogdanka S.A. did not take measures to compensate for biodiversity loss in 2024.

\*\* In the reporting year, the Group spent PLN 504 thousand on investment tasks and greenery maintenance costs.

## Topic specific to the entity: Mining damage and land reclamation

### Policies related to the material entity-specific topic

Mining damage and land reclamation were recognised by the LW Bogdanka Group during the double materiality analysis as significant additional topics within the analysis and identification of material impacts.

For years, the LW Bogdanka Group has been committed to managing the negative impacts associated with mining operations. The issue of managing adverse effects is addressed by the LWB Group's own operations' procedures and rules of procedure for dealing with damage caused by mining operations. The documents consolidate the processes of reporting negative impacts related to the Group's operations and their handling by the employees of the Mining Damage Department at LW Bogdanka S.A. The documentation implements processes within the organisation to deal with mining damage claims on a regular and detailed basis through direct contact with stakeholders - residents of areas whose properties or resources may be adversely affected by mining operations.

Reclamation, on the other hand, takes place on the basis of provisions/legal acts: Geological and Mining Law and the Law on the protection of agricultural and forestry land recorded in environmental decisions or the zoning plan. The objectives of effective and efficient remediation are included in the existing business strategy and the complementary ESG strategy.

The implementation of policies and the monitoring of the effects associated with their implementation is the responsibility of selected organisational units of the LWB Group - above all, this is within the remit of the Mining Damage Department, which reports directly to the Deputy Vice-President of the Management Board for Production and the President of the Management Board.

The procedures in force and the regulations have been introduced in compliance with the Geological and Mining Law. The documentation is regularly updated based on the conclusions of the biannual public consultations held as part of the meetings of the so-called Negotiation Team, comprising representatives of the Company, local authorities and the District Mining Authority in Lublin, as well as from the experience of the employees of the Mining Damage Department themselves.

### Activities and resources related to the material entity-specific topic

Key activities oriented towards the management and elimination of mining damage are carried out when mining damage is identified. The Group's mining damage remediation activities are carried out promptly, respecting the statutory deadlines for responding. The nature of the activities performed depends on the nature of the reports on negative impacts. Remedial measures include the repairing of the mining damage caused or the payment of compensation. The legal regulations in force since 1 January 2012 leave the right to choose the manner of reparation of the resulting damage to the affected party, allowing, in addition to the previously applicable rule of reparation by restoring the previous state (from before the damage occurred), the possibility of reparation of the damage by paying an appropriate sum of money - in accordance with the provisions of Article 363 §1 of the Civil Code.

Damage repair covers damage occurring to buildings, roads or technical infrastructure. All work is carried out by the Group under the supervision of specialised staff: investor supervision inspectors, contractors, experts. The removal of mining damage is included in the analysis process. The Mining Damage Department performs monthly, semi-annual and annual statements of quantities and costs related to the removal of mining damage. The reports are analysed by the Negotiation Team as part of the periodic assessment of the impacts of mining operations on the surface of the area. In the Group's opinion, the activities carried out during the reporting period did not require significant expenditure.

### Procedure

The procedure for the repair of mining damage is conducted on the basis of the internal "Rules of conduct for the remedy of damage caused by the mining plant's motion" and on the procedures developed and implemented in the Integrated Management System with regard to the prevention and remedying of damage resulting from mining activities.

### Reporting a loss

The mining company shall proceed to settle the case for repair of the damage upon a written request of the owner of the facility (a person authorised by him/her) or a person holding another title to the facility, submitted to LW "Bogdanka" S.A. in Bogdanka in person, or by letter.

Stakeholders may apply using the application forms made available on the LW Bogdanka S.A. website: application forms for compensation for damage to buildings, for compensation for damage to land and crops, for reimbursement of lost EU subsidies and for reimbursement of the costs of securing a newly erected building.

Reclamation is carried out primarily at the mining waste facility and areas affected by mining operations. No reclamation activities were carried out by the company in 2024. The work was limited to landscaping in post-industrial sites (Bogdanka field, Nadrybie, Stefanów, technical facilities in Zawadów and Albertowe, nature trail in Nadrybie). Investment tasks related to the regulation of water relations on land were started in Ludwin municipality (Uciekajka, Kaniwola, Kobyłki). Goals related to the material entity-specific topic. In the reporting year, the Group pursued its activities to meet its strategic objectives: to effectively repair and restoration of damage resulting from mining damage and to seek to deal with cases amicably and avoid potential litigation. Coal mining bears negative environmental impacts - these are mining damages caused by the effects of mining operations and the impact of the rock mass on buildings, roads, infrastructure or agricultural and forest land.

The Group's underground mining operations naturally have an impact on the surface, mainly in the form of land subsidence and ground deformation. Taking the foregoing into account, the Parent Company, being fully aware of its obligations towards the local community related to the occurrence of negative effects of mining activities, in areas where coal seams are mined, undertakes a number of preventive measures and those aimed at improving the situation. As part of the 2024 mining damage elimination process, compensation was paid for farmers' loss of crop due to flooding of arable land, damage to building structures was repaired, often by performing preventive protection, or costs were reimbursed for adapting the structures of newly constructed buildings to the projected categories of the mining area.

Where the negative effects of many years of mining made it onerous to live on a property due to poor living conditions and impossible to sell it on the open market, the Group's parent company bought them back. In addition, numerous works were carried out in connection with the drainage of agricultural land, the ongoing maintenance of the drainage network, the construction of pumping stations or holding tanks.

## E5 - Use of resources and circular economy

### IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related to the use of resources and circular economy

The Lubelski Węgiel Bogdanka Group has identified and assessed significant impacts, risks and opportunities related to resource use and the circular economy during a double materiality analysis in compliance with ESRS standards. The process included, among other things, an analysis of the Group's strategic documents, consideration of the perspectives of various stakeholder groups and an expert impact assessment. A detailed description of the double materiality analysis can be found in this statement in chapter ESRS-2 General Disclosure, section IRO- Description of the process to identify and assess material impacts, risks and opportunities. As part of the process, the organisation analysed its operations and resources within its own operations and value chains. All of the LWB Group's sites are located in Poland. In identifying and assessing the impacts, the Group did not carry out detailed consultation with the local community regarding the circular economy.

The significant impacts identified within the circular economy relate to the coal mining process, which requires significant natural resources, including energy, water, raw materials to build and maintain mine infrastructure, as well as the significant volumes of waste generated by mine operations, including rock waste and coal sludge, which must be stored or processed. In addition, the operation of the installations at the mine site generates non-industrial hazardous and non-hazardous waste, which require appropriate management.

Coal-fired power plants generate waste, such as ash, slag and industrial effluent, which must be properly managed. Transporting coal can generate waste, such as used consumables (e.g. oils, lubricants) and packaging. The use of post-mining waste for processing into other/new products can enable the reduction in waste volume.

In the course of its activities, the Group generates a diverse range of wastes, which are included in the scope of reporting within this chapter. In the reporting year, the generation of mining waste is most significant (in terms of quantitative criteria).

In the process of writing the Sustainability Statement, the LWB Group has taken the opportunity to omit the disclosures indicated in Appendix C of the ESRS 1- E3-5: Anticipated financial effects resulting from resource use and circular economy-related impacts, risks and opportunities

### E5-1 - Policies related to resource use and circular economy

The LW Bogdanka Group has not adopted organisation-wide uniform policies related to resource use and the circular economy. In the Group's parent company, issues of input resources are implemented on the basis of the Movement Plan, according to which the relevant Divisions in the company order the product range and use their resources accordingly. With regard to waste, LW Bogdanka S.A.'s actions are based on the Company Integrated Management System Policy in accordance with its provisions, the Company minimises its negative impact on the environment. Regulatory records were prepared according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2024. The Management Board of LW Bogdanka S.A. is responsible for the implementation of the Policy, and the content of the document is available on the company's website. In addition, the company is a member of the Lublin GOZ Cluster, where it acts as a

Coordinator. The cluster is in the process of developing the strategic objectives it will adopt in 2025. The remaining companies have not adopted any regulations related to resource use and circular economy, among others, due to the lack of business criticality and lack of formal requirements.

### E5-2 - Actions and resources related to resource use and circular economy

Activities related to waste in selected subsidiaries of Lubelski Węgiel Bogdanka S.A., Łęczyńska Energetyka and RG Bogdanka in 2024 focused on reducing their emergence in the period under review as part of their own operations. The companies plan to continue and have not set a date for completion, as part of their implementation, the companies aim to reduce the use of resources and the waste generated.

Key activities	Resources used
Recovery and management of mining waste	Recovering extractive waste arising from mineral washing and purification processes. The waste is used, among others, in the process of filling in adversely transformed land.  Successive search for new uses of mining waste.
Exploring new methods of mining waste management	Analysis and identification of new opportunities for the management of mining waste by means of education and training activities of own employees and cooperation with partner institutions.  Cooperation and partnerships. LW Bogdanka S.A. has signed a letter of intent with Taylor for the use of shale for the production of bio-fertilisers.
Rational use of resources and minimisation of losses	Measures implemented through rational order schedule management, delivery monitoring tools. The company emphasises high quality machinery and equipment, as well as the materials and raw materials necessary for the proper operation of the plant. A practice implemented in the organisation is not to purchase for "stock", which minimises the risk of out-of-date reagents, adhesives and lubricants, among others.
Reuse	Reuse of the ash-slag mixture generated as part of the production process (this waste represents more than 95% of all waste generated by the company's own operations)
Striving for the reuse of materials	Identification of materials for reuse through reconditioning, refurbishment, repair
Cooperation within the Lublin Cluster of Circular Economy	Cooperation and exchange of experience, knowledge and best practices with Cluster members  Analysis and research focused on the use of coal shale for the production of ceramic building materials

In the period under review, the Group did not undertake any strategic activities focused on introduced resources. The MRB company also did not undertake strategic waste management activities. The Sustainability Statement is the first statement based on the ESRS standards, the LWB Group plans to report on progress against the current reporting period in the next reporting year. During the period covered by the statement, the implementation of the above activities does not require significant operational or capital expenditure.

#### E5-3 - Goals related to resource use and circular economy

The LW Bogdanka Group has not set targets for resource use. In terms of waste, targets for 2024-2026 have been set within the framework of the ISO Integrated Management System for the parent company. These include:

- Recovery and management of mining waste at a minimum of 45% of the annual yield of mining waste.\*\*
- Exploring new methods of mining waste management

The targets did not change during the reporting period and in setting them, LW Bogdanka S.A. did not use sources containing irrefutable scientific evidence - the applicable legislation, historical data on the volume of waste produced, the long-standing experience of the Company's experts and the technologies that can be applied by the company were taken into account. Stakeholders were not involved in the development of the goals.

The total weight of products used at LW Bogdanka S.A. in 2024 was 34,186 tonnes, including:

- oils - 246 tonnes,
- flame-retardant hydraulic fluid - 282 tonnes,
- mining housing - 21,080 tonnes,
- metallurgical products - 692 tonnes,
- adhesives for rock mass reinforcement - 85 tonnes,
- excavation insulation materials - 137 tonnes,
- polyurethane adhesives - 1107 tonnes,
- dust wetting preparations - 166 tonnes,
- mix for mechanical lining - 6889 tonnes,
- diesel oil - 3503 tonnes.

#### E5-4 - Input resources

Company	Resource inflows	Masses in tonnes	Total
LW Bogdanka S.A.	Process materials necessary in the production process, which are not the company's final product.	<b>Total weight of products and technical and biological materials used during the reporting period</b>	42,720.4405
		Total weight of products used in the reporting period	34,706.0000
		Total weight of technical materials used in the reporting period	37.6955
		Total weight of technical materials used in the reporting period	7,976.7450
Łęczyńska Energetyka	Coal fines, produced in the heat generation process	<b>Percentage value of sustainably sourced biological materials (and biofuels used for non-energy purposes) used in the manufacture of products and provision of services (including packaging)</b>	0.0000
		Mass of sustainably sourced biological materials (and biofuels used for non-energy purposes) used in the manufacture of products (including packaging)	0.0000
		Mass of sustainably sourced biological materials (and biofuels used for non-energy purposes) used in the provision of the services (including packaging)	0.0000
		Percentage value of sustainably sourced biological materials (and biofuels used for non-energy purposes) used in the manufacture of products by the entity (including packaging) and sourced in sustainable way	0.0000
RGB	<ul style="list-style-type: none"> <li>• fixed assets,</li> <li>• spare parts and operating parts for machinery,</li> <li>• maintenance and repair materials for the machinery,</li> <li>• manual tools,</li> <li>• work and protective clothing, safety footwear, cosmetic chemicals, equipment for working at height and other health and safety materials.</li> </ul>	Percentage value of biological materials (and biofuels used for non-energy purposes) used for the provision of the services by the entity (including packaging) and sourced in sustainable way	0.0000
		<b>Total mass of reused or recycled components, products and secondary materials used in the manufacture of products and provision of services by the entity (including packaging)</b>	10,439.8900
		Mass in absolute value of reused or recycled components used in the manufacture of products by the entity	10,439.8900
		Mass in absolute value of reused or recycled components used in the provision of the services by the entity	0.0000
MRB	<ul style="list-style-type: none"> <li>• mainly steel products,</li> <li>• property, plant and equipment sold to other parties.</li> </ul>	Mass in absolute value of reused or recycled components used in the manufacture of products by the entity	0.0000
		Mass in absolute value of reused or recycled products used in the provision of the services by the entity	0.0000
		Mass in absolute value of secondary materials used in the manufacture of products by the entity	0.0000
		Mass in absolute value of secondary materials used in the provision of the services by the entity	0.0000
		<b>Ratio of reused or recycled components, products and secondary materials used in the manufacture of products and provision of services by the entity</b>	24.44%
		In the process of calculating data for reporting purposes, the Group used data from consolidated measurements in validated internal material accounting systems - Oracle BI.	



E5-5 - Output resources

	Total amount of waste generated from own operations:	Total amount of waste not recycled	Percentage volume of waste not recycled
LW Bogdanka S.A	4,872,438, tonnes*	4,872,438, tonnes	100
MRB	214,707 tonnes	0	0
RGB	13.94 tonnes	0	0
Łęczyńska Energetyka	4244.4866 tonnes	22.226 tonnes	0.52%
<b>Total volume</b>	<b>4,876,911</b>	<b>4,872,460</b>	<b>99.9%</b>

The total amount of waste for which disposal was avoided, by weight, broken down into hazardous and non-hazardous waste and by the following types of recovery process:

LW BOGDANKA S.A.

Type of waste	Prepared for re-use	Recycling	Other recovery processes	Total
Hazardous waste	0	0	254.902	254.902
Non-hazardous waste	0	0	2,477,332.81	2,477,332.81
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,477,587.71</b>	<b>2,477,587.71</b>

ŁĘCZYŃSKA ENERGETYKA

Type of waste	Prepared for re-use	Recycling	Other recovery processes	Total
Hazardous waste	0	2.778	0	2.778
Non-hazardous waste	0	4094.7181	0	4094.7181
<b>Total</b>	<b>0</b>	<b>4097.4961</b>	<b>0</b>	<b>4097.4961</b>

MRB

Type of waste	Prepared for re-use	Recycling	Other recovery processes	Total
Hazardous waste	0	0	0	0
Non-hazardous waste	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Data derived from: LW Bogdanka S.A. waste weighing and RGB waste statement. The other companies do not have data to report contextual information on the methods used for the calculations.

E5-5 - Output resources

RGB

Type of waste	Prepared for re-use	Recycling	Other recovery processes	Total
Hazardous waste	0,255	0	0,13	0,385
Non-hazardous waste	0	12.48.	1,075	13,555
<b>Total</b>	<b>0,255</b>	<b>12.48.</b>	<b>1,205</b>	<b>13,94</b>

The volume of waste sent for disposal, by weight, by type of waste treatment, and the total quantity of waste as the sum of all three types of recovery process, broken down into hazardous and non-hazardous waste:

LW BOGDANKA S.A.

Type of waste	Combustion	Storage	Other disposal processes	Total
Hazardous waste	0		2.4409	2.4409
Non-hazardous waste	0	2,394,847.40	0.46	2,394,847.86
<b>Total</b>	<b>0</b>	<b>2,394,847.40</b>	<b>2.9009</b>	<b>2,394,850.30</b>

ŁĘCZYŃSKA ENERGETYKA

Type of waste	Combustion	Storage	Other disposal processes	Total
Hazardous waste	0	0	0.075.	0,075
Non-hazardous waste	0	0	22.15.	22,15
<b>Total</b>	<b>0</b>	<b>0</b>	<b>22.225.</b>	<b>22,225</b>

MRB

Type of waste	Combustion	Storage	Other disposal processes	Total
Hazardous waste	0	0	0.605	0.605
Non-hazardous waste	0	0	214.102	214.102
<b>Total</b>	<b>0</b>	<b>0</b>	<b>214.707</b>	<b>214.707</b>

E5-5 - Output resources

RGB

Type of waste	Combustion	Storage	Other disposal processes	Total
Hazardous waste	0	0	0	0
Non-hazardous waste	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



For LW Bogdanka, the main waste streams include mining waste and industrial waste. The physico-chemical composition of the mining waste includes small amounts of critical raw materials: feldspar, arsenic, antimony, magnesium, phosphorus and strategic critical raw materials: alumina, cobalt, manganese, nickel. In 2024, the company produced 257.3429 tonnes of hazardous waste, among which there was no radioactive waste. The composition and sources of waste were calculated on the basis of waste weighing.

Waste from Łęczyńska Energetyka is mainly generated from the combustion of fine coal and includes ash-slag mixtures from wet furnace waste disposal and waste from waste gas cleaning. The company does not have information on the composition of the main waste streams - slag and dust. The remaining waste mainly includes plastics, textiles, metals and electronic components. In 2024, Łęczyńska Energetyka generated 2,853 tonnes\* of hazardous waste\*\*.

MRB does not have data on the composition and origin of the main waste stream. In the reporting period, MRB generated 0.605 tonnes\*\*\* of hazardous waste, which did not contain radioactive materials.

The waste stream at RGB contains waste from fleet maintenance - ferrous metals, plastics, paper and cardboard, oils and textiles. In 2024, the company produced 0.385 tonnes of hazardous waste (no radioactive waste generated).

As part of the data collection process, data from direct measurements from the waste weighing process and records including a summary of annual waste in accordance with BDO were used.\*\*\*\*



\*Data on the quantities of waste generated come directly from the weighing process with the exception of ash-slag mixtures, the quantities of which are calculated on the basis of coal fines consumption and laboratory analyses.

\*\* Łęczyńska Energetyka does not generate radioactive waste

\*\*\* Company's own data

\*\*\*\* The waste weighing process does not apply to selected waste including ash-slag mix, the quantities of which are calculated on the basis of coal fines consumption and laboratory analyses.

# Disclosure pursuant to Article 8 of Regulation 2020/852 (Taxonomy)



## Taxonomy - [E]

In accordance with Article 8 of EU Regulation 2020/852 (Taxonomy), information is presented below on how and to what extent the activities of the the LW Bogdanka Group are related to economic activities that qualify as environmentally sustainable (activities compliant with the taxonomy). The key performance indicators have been developed in accordance with the requirements set out in the EU Delegated Regulations listed below, with the utmost care and based on the best available knowledge:

- Regulation (EU) 2020/852 and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (Delegated Act laying down technical criteria for qualification, updated by Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023.
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Delegated Act to Article 8 of the Taxonomy),
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (concerning activities related to nuclear energy and natural gas),
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and amending Commission Delegated Regulation (EU) 2021/2178

As part of the analysis performed, an assessment was made of the compliance of the business with the taxonomy, under individual key performance indicators based on technical criteria for all the objectives set out in the EU delegated acts.

EU delegated acts define taxonomy-eligible activities as economic activities that are included in the list of relevant delegated acts defining technical assessment criteria for environmentally friendly activities. As activities in line with the

taxonomy, EU delegated acts define economic activities that:

- Significantly contribute to one or more environmental objectives
- Do not cause serious harm to other environmental objectives (the so-called DNSH principle)
- Meet technical eligibility criteria
- Comply with minimum social standards

Companies are required to disclose key performance indicators related to revenue (turnover), capital expenditure (CapEx) and operational expenditure (OpEx) for activities contributing to one of the six objectives:

1. CCM - Climate change mitigation
2. CCA - Climate change adaptation
3. WTR - Sustainable use and protection of water and marine resources
4. CE - Transition to a circular economy
5. PPC - Pollution prevention and control
6. BIO - Protection and restoration of biodiversity and ecosystems

As part of the process implemented above, the following processes were carried out at the Lubelski Węgiel Bogdanka Group and the following results were obtained, which are the subject of this disclosure section:

**Step 1:** Identification of economic activities eligible for the EU Environmental Taxonomy  
 On the basis of the Commission's Delegated Regulations 2021/2139 and supplementary regulations, the analysis selected the activities eligible for the Taxonomy that were present in the Lubelski Węgiel Bogdanka Group's business activities in 2024.

**Step 2:** Verification of the technical eligibility criteria (TEC) and the requirements of the DNSH principle  
 Conformity assessment sheets were prepared for the identified activities to verify the technical qualification criteria. The assessment sheets further verified the requirements related to the fulfilment of the DNSH principle. The results of the analysis

allowed for assigning the following activities:

- In terms of KPI Turnover:
  - taxonomy-compliant activities were not demonstrated due to failure to meet the TEC and/or the requirements of the DNSH rule;
  - The following activities were indicated as eligible for taxonomy:
    - CCM 4.15 Distribution in district heating/cooling systems
    - CCM 5.1 Construction, extension and operation of water collection, treatment and supply systems
    - CCM 5.3 Construction, extension and operation of waste water collection and treatment systems
    - CCM 6.2 Rail freight transport
    - CCM 7.2 Refurbishment of existing buildings
- In terms of Capex KPIs:
  - Capital expenditure under CCM 4.1 Photovoltaic power generation was considered compliant with the taxonomy;
  - Capital expenditure in the following activities was considered eligible for taxonomy:
    - CCM 6.2 Rail freight transport
    - CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
    - CCM 6.13 Infrastructure for personal mobility, cycling logistics
    - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
- In terms of Opex KPIs:
  - taxonomy-compliant activities were not demonstrated due to failure to meet the TEC and/or the requirements of the DNSH rule;
  - Operational expenditure in the following activities was considered eligible for taxonomy:
    - CCM 4.15 Distribution in district heating/cooling systems
    - CCM 6.2 Rail freight transport
    - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment

**Step 3:** Evaluation of minimum guarantees

Following a detailed assessment of the fulfilment of the minimum guarantees carried out on the basis of the requirements recommended for non-financial corporations subject to the CSRD (Corporate Sustainability Reporting Directive) as reported by the EU Sustainable Finance Platform, published in October 2022, the LW Bogdanka Group meets the minimum guarantees referred to in Article 18 of EU Regulation 2020/852.

### Human rights

The LW Bogdanka Group implemented a human rights due diligence process in line with the OECD Guidelines for Multinational Enterprises, during the period under review:

- No incidents or indications of inadequate implementation of the due diligence process were recorded
- The organisation has a Human Rights Policy and a whistleblowing process in place
- No human rights violations or reports to the OECD National Focal Point were identified



**Corruption**

- In the area of corruption, the LW Bogdanka Group has implemented a dedicated anti-corruption policy, provides training and educational activities
- In the year covered by the statement, employees and the LW Bogdanka Group were not convicted of any corruption-related offences

**Taxes**

- The LW Bogdanka Group has implemented appropriate procedures for corporate governance and tax risk management.
- In the period under review, neither the Group nor any of its subsidiaries were found guilty of violating tax law

**Fair competition**

- The LWB Group has implemented an extensive Compliance system under which Group employees are required to comply with anti-corruption procedures and policies, the code of ethics, the conflict of interest management policy.

**Step 4:** Calculation of indicators concerning activities eligible and compliant with the EU Taxonomy for 2024

The project has identified the required indicators and the values required for the analysis. Details of the approach and consistency with the relevant items in the consolidated financial statements are set out in the dedicated sections below.

Taking into account the foregoing information, the Lubelski Węgiel Bogdanka Group discloses in the section below:

- Percentage of activities qualifying for the taxonomy: Revenue, CapEx, OpEx
- Results of the review of the criteria for minimum social guarantees
- Information on the methodologies used.

**Indicators of the Lubelski Węgiel Bogdanka Group**

The indicators of the Lubelski Węgiel Bogdanka Group are presented in the tables below, prepared taking into account the formulas and designations used in Regulation 2023/2486:

- Y - Yes, taxonomy-eligible activity and taxonomy-compliant activity for the corresponding environmental objective
- N - No, taxonomy-eligible activity but non-compliant with the taxonomy for the corresponding environmental objective
- EL - taxonomy-eligible activity for the corresponding environmental objective
- N/EL - Non-eligible, Taxonomy-non-eligible activity in the case of the corresponding environmental objective

All data for the needs of calculation of the key indicators in the taxonomy disclosures, were derived directly from the financial systems of the LW Bogdanka Group companies, and therefore no estimates were necessary.

**Turnover KPI**

**Accounting principles**

With regard to the Turnover KPI, the denominator of the indicator was the total sales revenue as specified in the consolidated income statement in the consolidated financial statements of the Lubelski Węgiel "Bogdanka" Group for the year ended 31 December 2024. The statements were prepared in accordance with the Accounting Act. The value of net sales revenue reported in the consolidated accounts served as the denominator for the key performance indicator (note 18). In 2024, among the activities carried out by the Lubelski Węgiel Bogdanka Group that are eligible or compliant with the Taxonomy, no cases of own consumption were identified.

**Qualification of activities for the EU Taxonomy taxonomy**

Individual revenue categories of the LW Bogdanka Group were analysed in terms of taxonomy eligibility. This process included an analysis of activities eligible for taxonomy as defined in EU Regulation 2021/2139 and EU Regulation 2022/1214, taking into account EU Regulation 2023/2485 and EU Regulation 2023/2486. Based on the analysis performed, five activities were identified as eligible for taxonomy, related to:

- provision of heating and hot water by Łęczyńska Energetyka Sp. z o.o. (CCM 4.15)
- works of Łęczyńska Energetyka Sp. z o.o. in the scope of water supply and sewerage connections (CCM 5.1 and CCM 5.3)
- transport of coal by rail (CCM 6.2)
- renovation of existing buildings (CCM 7.2).

**Assessment of compliance of activities with the EU Taxonomy**

Individual activities were analysed with reference to the technical eligibility criteria defined for each activity in EU Regulation 2021/2139. The requirements of the individual technical criteria were consulted and confirmed with persons with sufficient knowledge to confirm whether a technical criterion has been met. The analysis did not identify revenues from activities compliant with the taxonomy.

**Disaggregation of key performance indicators and contextual information.**

Not applicable. Within the LW Bogdanka Group's revenues for 2024, no revenues related to environmentally sustainable activities (compliant with the taxonomy) have been identified.

The LW Bogdanka Group applied mechanisms to avoid double counting when allocating turnover by performing appropriate consolidation exclusions - in accordance with the accounting principles applicable in the Group.

Part of turnover / Total turnover		
	Compliance with Taxonomy by goals	Eligibility for Taxonomy by goals
CCM	0%	1.60%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Percentage share of turnover in products or services related to taxonomy-eligible economic activity in 2024																					
Financial year 2024		2024			Substantial contribution criteria					Criteria concerning the "do no significant harm" principle											
	Economic activity (1)	Code(s) (2)	Turnover (3)	Part of turnover, year 2024/2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollutants (15)	Biodiversity (16)	Minimum guarantees (17)	Share of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activity (A.2) Turnover, 2023 (18)	Category (enabling activity) (19)	Category (transactional activity) (20)	
			PLN	%	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. Taxonomy-eligible activity																					
A.1 Types of environmentally sustainable activities (taxonomy-compliant)																					
											Y	Y	Y	Y	Y	Y	Y	0.00%			
Turnover from environmentally sustainable activities (taxonomy-compliant) (A.1)			0.00.	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%			
Including enabling activity			0.00	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%			
Including transition activity			0,00	0.00%	0%						Y	Y	Y	Y	Y	Y	Y	0.00%			
A.2 Taxonomy-eligible but not environmentally sustainable activity (not Taxonomy-aligned)																					
District heating/cooling systems distribution		CCM [National Business Registry No.]4.15	28279504, 99	0.77%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.76%			
Construction, extension and operation of water collection, treatment and supply systems		CCM [National Business Registry No.]5.1	31,791,64	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%			
Construction, extension and operation of waste water collection and treatment		CCM [National Business Registry No.]5.3	10,588,32	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%			
Freight rail transport		CCM [National Business Registry No.]6.2	30,163,897,43	0.82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.71%			
Renovation of existing buildings		CCM [National Business Registry No.]7.2	14,715,69	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%			
Turnover of taxonomy-eligible but environmentally unsustainable activity (taxonomy non-compliant activity) (A.2)			58,500,498.07	1.60%														1.47%			
Total (A1 + A.2)			58,500,498.07	1.60%	1.60%	0%	0%	0%	0%	0%								1.47%			
B. Taxonomy non-eligible activity																					
Turnover from taxonomy non-eligible activities (B)			3,606,555,056.59.	98.40%																	
Total (A + B)			3,665,055,554.66.	100.00%																	

### KPI Capex

#### Accounting principles

The key performance indicator related to capital expenditure was calculated by dividing the total capital expenditures meeting the conditions indicated in Annex I, point 1.1.2.2. to Regulation 2021/2178 by the sum of the capital expenditure set out in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2024, which included:

- acquisition of fixed assets (the "increases" item in Note 4 "Property, plant and equipment" of the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2024),
- acquisition of intangible assets (the "increases" item in Note 5 "Intangible assets" of the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2024),
- an increase in the value of the right-of-use assets (the "increases" item in Note 6.1 "Right to use an asset" in the 2024 consolidated financial statements of the Lubelski Węgiel Bogdanka Group).

#### Qualification of activities into the EU Taxonomy and assessment of compliance of the activities

As a result of the assessment performed, capital expenditures were identified that are related to the taxonomy-eligible activities, as well as those that taxonomy-compliant. The LW Bogdanka Group has not carried out activities for which compliance would be demonstrated on the basis of the the capital expenditure plan referred to in section 1.1.2.2 of Annex I to EU Regulation 2021/2178.

The analyses identified costs relating to the purchase of products and individual measures to enable the target activity to become low-carbon or to enable it to reduce greenhouse gas emissions purchased from taxonomy-eligible activities. The activities from which the products were purchased were analysed against the technical eligibility criteria and the requirements of the DNSH principle as set out in EU Regulation 2021/2139. The results of

the assessment provided the basis for assigning specific costs to the numerator of the key performance indicator concerning capital expenditure.

Expenditure related to photovoltaic power generation activities (4.1) was classified as taxonomy-compliant.

The analysis of photovoltaic power generation activity inputs in terms of meeting environmental targets was 100% assigned to the "Climate Change Mitigation" objective. Therefore, it does not contribute to several environmental objectives.

Capital expenditure for taxonomy-eligible activities but taxonomy non-compliant activities, included expenditure on:

- modernisation of the district heating network (CCM 7.3)
- investments related to the railway division (CCM 6.2)
- purchase of electric vehicles (CCM 6.5)
- construction of "eco-sheds" for bicycles and mopeds (CCM 6.13)

#### Disaggregation of key performance indicators and contextual information

The analysis showed that there was no need for a detailed disaggregation of key performance indicators between individual operational units as set out in paragraph 1.2.2.3. of Annex I of Commission Delegated Regulation (EU) 2021/2178.

The LW Bogdanka Group applied mechanisms to avoid double counting when allocating CapEx by performing appropriate consolidation exclusions - in accordance with the accounting principles applicable in the Group.

#### Part of CapEx / Total CapEx\*

	Compliance with Taxonomy by goals	Eligibility for Taxonomy by goals
CCM	0.00%	2.31%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Percentage share of capital expenditure from products or services related to taxonomy-eligible economic activity - the disclosure refers to 2024																			
Financial year 2024	2024			Substantial contribution criteria						Criteria concerning the "do no significant harm" principle									
Economic activity (1)	Code(s) (2)	Investment expenditure (3)	Percentage of investment expenditure, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum guarantees (17)	Share of taxonomy-compliant activities (A.1) or taxonomy-eligible activities (A.2) Capital expenditure 2023 (18)	Category (enabling activity) (19)	Category (transactional activity) (20)
		PLN	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activity																			
A.1 Types of environmentally sustainable activities (Taxonomy-compliant)																			
Electricity production using solar photovoltaic technology	CCM 4.1.	13,978,2	0.00%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.43%		
Capital expenditure for environmentally sustainable activities (Taxonomy-compliant) (A.1)		13,978,20	0.00%	0.00%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1.43%		
Including enabling activity		0,00	0.00%	0.00%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%		
Including transition activity		0,00	0%	0%						Y	Y	Y	Y	Y	Y	Y	0.00%		
A.2 Taxonomy-eligible but not environmentally sustainable activity (not Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	CCM [National Business Registry No.]7.3	2,181,932,99	0.25%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.84%		
Freight rail transport	CCM [National Business Registry No.]6.2	16,648,302,87	1.91%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.16%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM [National Business Registry No.]6.5	934,197,99	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Infrastructure for personal mobility, cycling logistics	CCM [National Business Registry No.]6.13	307,000,00	0.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Capital expenditure from taxonomy-eligible but not environmentally sustainable activity (taxonomy non-compliant activity) (A.2)		20,071,433.85	2.31%	2.31%	0%	0%	0%	0%	0%								3.00%		
Total (A1 + A.2)		20,085,412.05	2.31%	2.31%	0%	0%	0%	0%	0%								4.43%		
B. Taxonomy non-eligible activity																			
Investment expenditure from taxonomy non-eligible activities (B)		850,947,587.95	97.69%																
Total (A + B)		871,033,000.00	100.00%																

## KPI Opex

### Accounting principles

In accordance with the definition contained in Regulation 2021/2187, operating expenditure included in the denominator of the operating expenditure ratio  
 LW Bogdanka CG and which are the basis for calculating the operating expenditure ratio include operating expenditure on:

- non-capitalised research and development costs
- building renovation work
- short-term rental
- maintenance and repair
- any other direct expenditure linked to the day-to-day servicing of fixed assets by the undertaking or a third party to which activities necessary to ensure the continuity and efficient operation of those assets.

The percentage share of taxonomy-eligible business activities in total operating expenditure was calculated by dividing the operating expenditure related to taxonomy-eligible business activities by the total operating expenditure within the operating expenditure categories indicated above in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the year ended 31 December 2024.

### Qualification of activities into the EU Taxonomy and assessment of compliance of the activities

With regard to taxonomy-eligible operating expenditure, the basis were the costs of activities related to:

- renovation of district heating facilities, ongoing repair, renovation and maintenance of distribution network facilities (CCM 4.15)
- repair and maintenance of rolling stock (CCM 6.2)
- installation, maintenance and repair of equipment to increase energy efficiency, by replacing and installing window frames (CCM 7.3)

The share of the aforementioned expenditure amounts to PLN 770 893.63, which represents 0.89%

of the Group's operating expenditure.

As part of the analysis performed, the individual categories of expenditure of the Lubelski Węgiel Bogdanka Group were analysed from the point of view of their compliance with the technical eligibility criteria and the requirements of the DNSH principle set out in the Regulation. The analysis shows that the LW Bogdanka Group's expenditure does not meet the criteria for the identified activities and therefore the compliance with the taxonomy cannot be demonstrated.

### Contribution to the implementation of multiple objectives, disaggregation of key performance indicators and contextual information

Not applicable. The numerator of the key performance indicator does not show any operating expenditure related to the (taxonomy-compliant) activity.

The LW Bogdanka Group applied mechanisms to avoid double counting when assigning OpEx values by reviewing the accounts in the financial and accounting system. The identified items that met the OpEx taxonomic definition were then assigned to a particular type of the EU taxonomy-eligible activity.

Proportion of OpEx / Total OpEx		
	Compliance with Taxonomy by goals	Eligibility for Taxonomy by goals
CCM	0%	0.89%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

### Restatement of comparative data

As part of our ongoing efforts to ensure accurate and full alignment with the EU Taxonomy, the Group has modified its approach to eligible activities: 6.2 Rail freight transport, 1.1 Conservation, including restoration of habitats, ecosystems and species and CCM 4.15 Distribution in heating/cooling systems. The change was due to the incorrect classification of OpEx expenditure in 2023 for the three activities indicated below. As part of the 2024 revision, BIO 1.1 activity was removed in its entirety and CCM 6.2 activity was removed in part from the qualification, and CCM 4.15 activity was added to the qualification, affecting the A2 indicator values.

A summary is attached below, indicating the values reported in 2023 and what should be reported, by activity.

KPI Opex	Restated data		Data disclosed in 2023	
A.2 Taxonomy-eligible but not environmentally sustainable activity (taxonomy-non-compliant activity)				
6.2 Transport of goods by rail	628,403.44	0.32%	5,116,401,03	2.59%
1.1 Protection, including restoration, of habitats, ecosystems and species	0	0%	144,920,00	0.07%
4.15 Distribution in district heating/cooling systems	450,772.29	0.23%	0	0%



Percentage share of capital expenditure from products or services related to taxonomy-compliant economic activity - the disclosure refers to 2024																					
Financial year 2024		2024			Substantial contribution criteria						Criteria concerning the "do no significant harm" principle										
Economic activity (1)	Code(s) (2)	Operating expenditure (3)	Percentage of OpEx, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum guarantees (17)	Share of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activity (A.2) Operating expenditure, 2023 (18)	Category (enabling activity) (19)	Category (transactional activity) (20)		
		PLN	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N;EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. Taxonomy-eligible activity																					
A.1 Types of environmentally sustainable activities (Taxonomy-compliant)																					
			0.00%							Y	Y	Y	Y	Y	Y	Y	0.00%				
Operating expenditure for environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00.	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%				
Including enabling activity		0,00	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%				
Including transition activity		0,00	0.00%	0%						Y	Y	Y	Y	Y	Y	Y	0.00%				
A.2 Taxonomy-eligible but not environmentally sustainable activity (not Taxonomy-aligned)																					
District heating/cooling systems distribution		CCM [National Business Registry No.]4.15	471,750,79	0.54%	EL	N/EL	N/EL	N/EL	N/EL								0.23%				
Freight rail transport		CCM [National Business Registry No.]6.2	278,642,84	0.32%	EL	N/EL	N/EL	N/EL	N/EL								0.32%				
Installation, maintenance and repair of energy efficiency equipment		CCM [National Business Registry No.]7.3	20,500,00	0.02%	EL	N/EL	N/EL	N/EL	N/EL								0.07%				
Total (A1 + A.2)			770,893.63.	0.89%	0.89%	0%	0%	0%	0%								0.62%				
B. Taxonomy non-eligible activity																					
Operating expenditure from taxonomy non-eligible activities (B)			85,964,204.44	99.11%																	
Total (A + B)			86,735,098.07	100.00%																	

### Nuclear energy and natural gas related activities

The Group does not carry out, finance or report exposure to the activities referred to in Sections 4.26 to 4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139, as shown in the tables below.

Line	Nuclear energy related activities	KPI Turnover	KPI Capex	KPI Opex
1	The company conducts research, development, demonstration and deployment of innovative power generation facilities that produce energy through nuclear processes with minimal volume of waste from the fuel cycle, finances this activity or has exposure to it.	NO	NO	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO	NO	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO	NO	NO
<b>Natural gas related activities</b>				
1	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO	NO	NO
2	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO	NO	NO
3	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO	NO	NO

### Third chapter: Social issues

### ESRS S1: Own staff resources Secure employment conditions, Freedom of association, Health and safety at work, Training and development,

#### SBM-2 - Interests and views of stakeholders

At the LW Bogdanka Group, the interests, views and rights of those within its own employee resources are taken into account in the strategy and business model. The stakeholder perspective is taken into account in the business strategy update and review process. The business strategy update and review is preceded by consultation with relevant stakeholders, who are also involved in the process of identifying material impacts, risks and opportunities as part of the double materiality analysis. At the same time, the parent company, whenever working conditions and salaries are negotiated, conducts them in a spirit of mutual understanding between the parties to the dialogue. The parent company's management board expresses its readiness to discuss with the social party, as evidenced by the cyclical meetings held to discuss the situation of employed workers on an ongoing basis. At the LW Bogdanka Group, the dialogue securing the interests of employees is conducted directly with their representatives in the trade unions operating at the plant. In addition, the possibility for employees to request an amendment or interpretation of the Collective Labour Agreement means that every employee

can have an influence on the strategy and business model that is created in the Group. For more information on this topic in this statement, please refer to indicator S1-3 - Remediation processes for negative impacts and channels for raising concerns through own staff resources.

**In the reporting period, six trade union organisations were active in the Group:**

- Trade Union of Miners in Poland - 1,641 persons
- "Solidarność" Independent Self-Governing Trade Union - 1,040 persons
- Kadra Trade Union - 434 persons
- Przeróbka Trade Union - 640 persons

#### SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts on the company's own employees identified in the double materiality assessment result from the strategies and business models of the Lubelski Węgiel Bogdanka Group's companies. Health and safety impacts are a direct result of the nature of the mining industry, which is linked to hazardous work carried out in difficult conditions, where the health and lives of workers largely depend on the effectiveness of health and safety measures taken. On the other hand, in terms of employment security and employee relations management, the relevant topics are mainly related to the considered strategic dialogue and good relations of the employer's side with the staff and employee representatives (social party) who, as an important stakeholder, shape the organisation. Occupational health and safety, employment security and employee dialogue, are among the Group's priorities and are constantly monitored as part of strategy reviews by top management.

The scope of the information disclosed in this Sustainability Statement includes all persons who make up the Lubelski Węgiel Bogdanka Group's own workforce and over whom the company can exercise significant influence. Among the organisation's employees, there are workers employed: on the basis of a contract of employment in labour positions on the surface and underground, and those employed in so-called white-collar positions on the surface and underground (among them we can distinguish professional groups such as administrative, engineering and supervisory employees). The LWB Group also cooperates with third-party employees who carry out work on the organisation's premises and contractors employed in selected positions. It is defined that the activities described below focusing on positive impact also affect employees of external companies performing work on the premises of the mine, among others, in the context of demands submitted by the social party at Bogdanka.

Material risks, opportunities and impacts in the double materiality analysis were subject to the analysis in terms of the place of occurrence.\* Their scope covers all employees of the Group. As part of the analysis of materiality of the impact, the Group has identified significant impacts related to its own employee resources related to job security, freedom of association, the existence of works councils and employees' rights to information, consultation and participation, as well as health and safety at work. In the case of the current negative impacts in the LWB Group's assessment, this is a widespread impact - related to the nature of the business.

Nature of impact	Location of occurrence	Description of impact
Up-to-date and positive	Organisation	Bogdanka can ensure safe employment conditions by employing workers under employment contracts and providing other employment guarantee mechanisms.
Up-to-date and positive	Organisation	Bogdanka's employees should have the right to associate in trade unions and participate in works councils.
Up-to-date and negative	Organisation	Bogdanka must ensure adequate occupational health and safety conditions, including regular training and inspections. In addition, non-compliance with the regulations can lead to accidents

\* In this context, the impacts refer to all LWB Group's employees regardless of the type of contract.

The financial materiality analysis performed identified one significant risk related to the training and skills development of employees' own resources:\*

Risk / opportunity	Location of occurrence	Description
Risk	Organisation	The lack of applicants for mining-related courses at various levels of education (vocational, higher education) may result in a shortage of suitable qualified staff. Failure to provide the staff may result in the need to reduce operations

The Group has not identified any significant impacts that could result from the transformation plans. Upon publication of the sustainability statement, the entity had not carried out transition plans to reduce its negative environmental impact and increase the green and climate-neutral nature of its operations.

The impacts identified in the materiality framework, including positive impacts are linked with the activities implemented by the entity as part of its ESG strategy:

- *Safe at work - a programme aimed at strengthening a safety culture and a sense of shared responsibility for their own safety at work*
- *and safety of their colleagues.*
- *Best staff - a programme focused on attracting and retaining the best*

*employees, both experienced experts and employees who are just entering the labour market*

- *I am from Bogdanka - Building a sense of identity with Bogdanka, commitment and pride in their work among employees, caring for equality and diversity of employees, building their affiliation to LWB.*

The programmes described above are monitored and analysed by the responsible functional units indicated in the strategy document. The strategic ESG measures are complementary to the assumptions of the LW Bogdanka Group's Development Strategy for 2023-2030. In parallel, strategic activities are supported by activities that contribute to the positive impact of the LWB Group on its own employee resources. The most relevant activities linked to each ESRS sub-theme of S1 Own Staff Resources were considered as part of the LWB's own impact assessment and are also described in section S1-4 of this chapter.

As part of the double materiality analysis, one negative impact related to health and safety was identified, which has been one of the most relevant topics for all stakeholder groups over the years.

As part of the current occupational health and safety management system at LW Bogdanka, the parent company identifies occupational hazards and risks on an ongoing basis. All workplaces are subject to review and inspections, supplemented by measurements, surveys and analyses of working environment parameters performed by OHS services.

In LW Bogdanka S.A., occupational accidents, including fatal, serious and collective accidents have been identified as a material risk in the area of health and safety. In order to reduce them, the Company carries out intensive inspections of workplaces and regularly checks employees' knowledge of occupational health and safety. Only employees with the appropriate qualifications and authorisations to perform specific tasks are employed.

In addition, the Company provides appropriate collective and individual protection measures,

which are tested in advance by the staff, increasing their effectiveness. Assessing the effectiveness of measures to improve working conditions and reduce accidents is a key element of OHS management. Occupational safety data is collected, analysed and used to monitor the achievement of the organisation's OHS objectives and accident severity and frequency rates are used to assess the effectiveness of activities, allowing for continuous improvement of safety procedures and practices. Supplementary information on occupational health and safety activities is described in the subsection on activities carried out at the Company.

### **S1-1 - Policies related to own staff resources**

All matters related to employment and work in the LW Bogdanka Group are regulated by:

- Company Collective Bargaining Agreement
- Work Regulations
- Regulations of the Company Social Benefits Fund (ZFŚS)
- LW Bogdanka Group Code of Ethics
- Personnel policy of LW Bogdanka S.A.
- Procedure to be followed in the recruitment and selection of employees for production positions
- Procedure to be followed in the recruitment and selection of employees for managerial and specialist positions
- Compliance policy of LW Bogdanka S.A.
- Procedure for whistleblowing and follow-up actions at LW Bogdanka S.A.
- LW Bogdanka S.A.'s employee qualification upgrading and development policy.
- Additional corresponding documents are also adopted in LW Bogdanka's subsidiaries.

Policies in place in the LWB Group are aligned with all ESRS disclosure requirements, therefore not all MDR-P requirements will be presented this year.

As part of its dedicated Human Rights Policy, the LW Bogdanka Group defines a number of principles relating to human rights, the prevention of forced labour, respect for labour

rights, and the issue of using tools oriented towards managing negative impacts related to human rights within its own operations and value chains. The policy is managed by members of the Management Board and coordinated by the ESG Department and the Compliance Policy Department, with the support of the HR Director and the Procurement Director. It is consistent with the internal documentation specifying the application of corrective measures in the event of the negative impact related to human rights set out in the LWB Group's internal procedures for whistleblowing and taking corrective action. Reports can be delivered securely, in anonymised form, and whistleblowers are protected. No complaint or report of a violation shall remain unanswered and explanation, while the principle of the presumption of innocence is applied to those against whom proceedings are brought. Opinions and comments of stakeholders are collected based on the existing compliance mechanisms, and subsequently considered and implemented as part of the activities of the conciliation committees.

\* As part of the double materiality analysis process, the Group did not identify risks related to child labour and forced labour.

Conclusions are taken into account when developing action plans in response to complaints, violations or suggestions [(S1) 21] The Human Respect Policy is compliant with *the UN Guiding Principles on Business and Human Rights, the provisions compliant with the UN Guiding Principles are included in the body of the policy. The Group's effective Human Paw Policy directly addresses forced labour, child labour and human trafficking.*

The Group continuously engages with employees and employee representatives through formal social dialogue processes. Communication with employees is a provision formally enshrined in the Code of Ethics, implemented through regular meetings with trade unions, employee organisations and other stakeholder groups enabling the Group to understand employee needs and expectations. Policies related to material impacts related to the issue of training and development of own employee resources adopted at Lubelski Węgiel Bogdanka S.A. include:

- In the scope of training of all employees:
  - LW Bogdanka S.A.'s employee qualification upgrading and development policy,

The HR Director of LW Bogdanka S.A. is responsible for implementing policies related to employee training. The Company has not implemented a formal description of the process of monitoring the effectiveness of implemented policies - all regulations are made available to employees and cover all employees of LW Bogdanka S.A. The policy for upgrading the qualifications and development of employees does not refer to third-party standards /initiatives and the interest of employees has been taken into account in the policy-setting process through extensive cooperation with the Social Party in the development and evaluation of the policies. In the LW Bogdanka Group, we understand that health and safety risks are among the most significant topics for all stakeholder groups.

The risks associated with coal mining are mitigated by including all employees in a comprehensive health and safety management system. It has been developed and implemented in accordance with internationally recognised standards - ISO 9001:2015, ISO 14001:2015, ISO 45001:2018. Importantly, the OHS rules apply not only to the Group's employees, but also to all subcontractors and visitors to the mine's facilities.

The management basis of our OHS system is based on a variety of documents, including the most significant policies concerning our own operations:

- Integrated OHS, Quality and Environmental Management System Policy,
- Mine Safety Document,
- Monitoring of legislation and standards in the area of OHS,
- Plans to improve OHS conditions,
- Work Regulations,
- Guidelines and instructions for an Integrated Quality, Environment and Safety Management System ,
- Company Collective Bargaining Agreement,
- Orders of the Management Board and the Mine Maintenance Manager,
- Orders of the Management Board and the Mine Maintenance Manager,- Orders and instructions of members of the Management Board and the Mine Site Manager,
- Procedures and instructions (including but not limited to: accidents, occupational risk management, dealing with suspected occupational disease, monitoring of the working environment). Policies related to safety at LW Bogdanka S.A. are approved at Management Board level, which underlines their importance in the organisational structure. Responsibility for health and safety supervision is defined in detail in the Organisational Regulations. The OHS Department prepares periodic analyses of the status of occupational health and safety, which are presented to the President of the Management Board and the Mine Maintenance Manager, including proposals for measures to prevent risks to the life and health of employees and to improve working conditions.

The President of the Management Board directly supervises health and safety matters, and the Mine Maintenance Manager is obliged to analyse the safety situation on an ongoing basis and to implement preventive measures resulting from these analyses. The Organisational Regulations also place the responsibility for safety in the mine and individual departments on their managers and supervisors, ensuring an appropriate hierarchy of responsibility and effectiveness in the management of health and safety in the organisation. Safety-related policies are made available to stakeholders through publication in the internal BPM system. Direct communication activities - including training, meetings and information material - are targeted at employees in this regard. In the reporting period, the subsidiaries: RG Bogdanka, Ekotrans, MR Bogdanka, Łęczyńska Energetyka have not adopted policies relating to relevant topics related to job security, training and skills development. The companies did not have separate and formal policies in place due to the lack of a formal requirement. Freedom of association in the entire Group is governed by the Policy for Human Rights and Diversity described in detail at the beginning of the chapter.

#### **S1-2 - Procedures of cooperation with own staff resources and staff representatives on issues of impacts**

Relevant issues for employees and the organisation are the subject of direct dialogue and cooperation with employees and indirectly with formal employee representatives. The Group conducts employee satisfaction surveys on a regular basis (most recently carried out in 2022), in addition, important issues for employees and the organisation are on the agenda of regular, at least monthly meetings with representatives of the employees associated in trade unions and in face-to-face meetings between employees and the Management Boards of Group companies. In parallel, management consultation meetings are held several times a week.

In terms of managing the issue of employee training and skills development, the LW Bogdanka Group takes into account the opinion of its own resources primarily through cooperation with trade unions. In addition, employees' needs are identified individually, taking into account employees' development and training needs. With regard to health and safety issues, employees' opinions are taken into account through consultations on, for example, instructions and assessment of occupational risks or the OHS Policy. There is also the OHS Committee comprising representatives of the workforce (the social party and ZSIP) and the employer (OHS Services). This allows for the adaptation of measures to increase safety and minimise risks at a workplace. Within the Group, cooperation is facilitated by a Trade Union Commissioner appointed by the Management Board. Meetings between trade union representatives and the organisation's plenipotentiary and Management Board are aimed at discussing the current Company Collective Agreement (ZUZP) which was concluded on the basis of the provisions of Section XI of the Labour Code. The ZUZP provides for the regulation of working conditions, wages and other benefits related to work at LWB.

Ongoing agreements with trade unions reflect the status of the Group's cooperation with its own employees. In the reporting period, 4 additional protocols to the Social Agreement were concluded. Processes for cooperation with employees in force in the LWB Group are open to all employees. In parallel, all employees have an access to the compliance system managed at the parent company level, but dedicated to the wider employee group, through which they can report their concerns and/or irregularities.



### **SI-3 - Processes for remedying the effects of negative impacts and channels for raising concerns through own staff resources**

In the Lubelski Węgiel Bogdanka Group, each of the companies has a procedure in place to regulate the issues of reporting violations and taking action in response to them. The Parent Company adopted the Procedure for whistleblowing and follow-up actions at Lubelski Węgiel Bogdanka S.A. In accordance with its provisions, employees of the company and its subsidiaries as well as persons employed by subcontractors, may report violations of the law and irregularities at LWB - the Compliance Policy Department is responsible for receiving and investigating such reports. According to the whistleblowing Procedure, reports can be submitted:

- in online form on the parent company's website,
- by e-mailing to the dedicated address,
- to contact boxes in the mining fields,
- by traditional mail,
- In verbal form.

The whistleblowing process is described in the in the Group-wide Code of Ethics, enabling all company employees to take advantage of the reporting options in place within the organisation. In parallel, subsidiaries have adopted complementary documents defining the possibility of reporting violations. The procedures also allow for submitting reports by email, traditional correspondence and telephone. The Group does not offer third-party-based whistleblowing mechanisms, while promoting the availability of internal channels. A whistleblowing form is available on LW Bogdanka S.A.'s publicly accessible website, contact boxes are placed at each of the mining fields to allow for the placement of a written notification. The staff of the Compliance Policy Department informs employees about possibilities of reporting violations safely and anonymously at inception and periodic training courses and through information on the website and in the Compliance Newsletter. The Compliance Policy Department maintains a Register of Violations, indicating the subject of the reports and the follow-up action taken. In the opinion of the organisation, the effectiveness of

the channels and the trust among stakeholders is evidenced by the very fact that employees submit the reports. In addition, the Compliance Policy Department, through regular reporting, provides the Management Board with the opportunity to track and monitor issues reported and resolved. Whistleblowers, persons assisting in the reporting and persons associated with the Whistleblower enjoy protection against retaliation including, but not limited to, termination of employment or termination without notice, reduction in salary, withholding the promotion, transfer to a lower position. In LW Bogdanka S.A., employees are provided with information concerning whistleblowing channels, both on the corporate website and on the employee portal and in internal communication channels. In the reporting period, it was not verified whether employees are aware of these structures and have confidence in them. Details of the mandatory whistleblower protection regime are described in section ESRS G1-1 of this statement.

Investigations initiated by the Compliance Policy Department conclude with a report that, if necessary, identifies recommendations for corrective action.

With regard to human rights, the responsibility for ensuring remedies and their enforcement throughout the Group, and even more broadly in the value chain, rests with the parent company. For example, with regard to respect for the human rights of LW Bogdanka SA. requires the entities of the LW Bogdanka CG value chain to take action on two levels: (1) do not directly generate negative impacts on human rights through their activities and take prompt corrective action when they do, (2) take measures to prevent negative impacts on human rights indirectly, i.e. in their value chain, including in particular in relation to products or services acquired through their business relationship or mitigated such an impact, even if they themselves did not contribute to it. In that case, action is understood both as taking action and not taking action. In the case of safety issues, the matter is discussed at the Health and Safety Committee and reported to the Management Board, similarly, in the context of compliance breaches - the Compliance Policy Department recommends corrective measures to the

Management Board, which it implements by appropriate management decisions.

LWB S.A. introduced in the Company Collective Labour rules for the negotiation and interpretation of the provisions of the Agreement, including in particular the terms and conditions of work and pay. In addition, the parent company's Management Board appointed a Team to negotiate with the trade unions operating at LW Bogdanka S.A. regarding amendments to the content of the ZUZP and to clarify disputed provisions of the Agreement. Any employee of the Company can request the Team to amend or interpret the ZUZP Agreement, which in turn results in every employee being able to influence the Strategy and the business model that is created in the Company.

### **SI-4 - Addressing the material impacts on own staff resources and applying approaches to manage material risks and opportunities related to own staff resources and the effectiveness of these actions**

Actions implemented in the LWB Group are aligned with all ESRS disclosure requirements, therefore not all MDR-P requirements will be presented this year. Activities related to occupational health and safety at LW Bogdanka S.A. to be undertaken in 2024 include:

- inspections and audits within the group and among subcontractors - (the OHS department in 2024 carried out 1004 inspections of jobs and workplaces in branches, including 121 inspections in third-party entities),
- consultations,
- OHS training
- organisation of safety days, OHS competition and other activities to promote occupational health and safety knowledge.

The annual key activities in the scope of OHS included their own operations in the period covered by the statement. In 2024 LW Bogdanka S.A. recorded a decrease in the number of accidents at work compared to 2023 (from 56 to 52 with an increase in the number of employees). Consistent with the company's OHS policy, the implementation of activities contributes to raising the health and safety culture in the organisation

and is oriented towards reducing accident rates in the organisation. In 2024, 250 periodic OHS training courses were conducted, in which 4320 employees of LW Bogdanka S.A. were trained and 40 inception OHS training courses were carried out in which 208 employees and 9 apprentices participated. In addition, periodic training in occupational health and safety was provided to employees of external companies, for the total of 620 people. Periodic training courses conclude with an examination. The OHS Department carried out 1004 inspections of jobs and workplaces in the branches in 2024, including 121 inspections in third parties. In the reporting period, a number of preventive and corrective measures were also carried out, among others, all mining incidents and accidents in Poland were discussed at briefings, films were prepared on occupational health and safety issues, on accident reconstruction and occupational health and safety instructions were produced, a review of working conditions was carried out in selected branches, in which the Social Labour Inspectorate actively participated.

LW Bogdanka S.A. participated as a partner in the national social campaign "Protect your lungs, defend your life", coordinated by the Central Institute for Labour Protection, to improve awareness of the selection, use, storage, maintenance and disposal of respirators. In the next reporting year, the LWB Group plans to continue the activities described above.

To avoid negative impacts on its own employee resources in the area of health and safety, LW Bogdanka S.A. has introduced continuous monitoring of risks, implemented appropriate procedures and is working closely with suppliers and partners in building a safety culture at the mine. Identification is also carried out as part of the analyses carried out during health and safety meetings and consultations with the social party and employee representatives. In addition, employees and their representatives have an access to the OHS Committee, reporting forms and reporting systems to report and discuss any significant health and safety impact. When health and safety risks are identified, the specialists of the OHS department prepare and present to the President of the Management Board periodic analyses of the status of occupational health and safety including the proposals for measures to mitigate and prevent risks to the life and health of employees. The company has earmarked budget resources for safety issues in 2024, including prevention against natural hazards, training and audits, and the development of modern technology to monitor and improve safety. The Group monitors the progress of the measures and the effectiveness of the implemented processes by analysing the results of the annual occupational safety improvement plans, as well as reports and reports on OHS and accident rates.

As part of its own operations, the parent company also conducted annual employee development-oriented activities. In 2024, the Employee Development Department at Lubelski Węgiel "Bogdanka" S.A. was responsible for the implementation of various forms of employee qualification development, including in-house courses, occupational health and safety training, training courses and conferences organised by external companies, as well as bachelor's, master's and postgraduate studies. Two key programmes were launched as part of the development effort: "My development", which aims to provide future surveillance staff and the development of employees in blue-collar and white-collar positions, and "Mining Leaders Academy", addressed to managers wishing to improve their qualifications. Through these activities, the Employee Development Department has helped to improve the Company's processes and support the professional development of employees.\* In the area of employment security, a letter of intent was

signed in 2024 as part of own operations and cooperation with external stakeholders with RG Bogdanka and the Mining School Complex in Łęczna and the School Complex in Ostrów Lubelski to support students at both facilities, particularly those studying the following professions: underground mining technician, mechanical technician, electrical technician and solid mineral processing technician. The project provides excellent conditions for professional development and practical experience in the labour market. Pursuant to the agreement signed, LW Bogdanka offers the students not only scholarship awards but also work proposals, which opens up real career opportunities for them. For Bogdanka, this also means ensuring succession in underground positions, which is crucial for the future of the company. Among the activities focused on securing a sufficient workforce, the Group includes activities oriented towards supporting local education with scholarships, promoting the mining profession and taking on the best students for employment. In the long term, the measures are aimed at securing qualified staff and managing the turnover rate.

In the period under review, parallel activities relating to material impacts on own staff resources were carried out by the subsidiaries. Łączyńska Energetyka took measures oriented towards developing a culture of health and safety at work. Key projects were based on OHS improvement plans for 2024. The measures are implemented year-on-year and include the company's own employees. ŁE did not take any activities in the period covered by the report: Employment Security, Training and Skills Development and Freedom of Association. In the reporting period, the activities carried out in the other Group's companies did not require significant operating and capital expenditure. In MRB, in the reporting period, due to the lack of identified risks, no actions were taken to manage the significant issues identified in the double materiality analysis.

**SI-5 - Goals related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities**

Actions implemented in the LWB Group are aligned with all ESRS disclosure requirements, therefore not all MDR-T requirements will be presented this year. In the scope of OHS LW Bogdanka S.A. has established time-bound and measurable objectives aimed at minimising negative impacts and maximising positive effects on employee resources, as well as managing key risks and opportunities in this area based on the OHS Policy, operationalised by the 2024 OHS Improvement Plan:

- eliminate hazards and reduce health and safety risks,
- continuously improve health and safety at work in order to prevent work-related injuries and health problems;

Historical data such as the analysis of accidents at work, incidents, results of inspections and audits are used to set OHS targets. This allows for identification of key risks and defining areas for improvement. Engaging employee representatives, Social Labour Inspectors and trade unions is an important part of the process of setting OHS objectives. Their knowledge and experience allow them to better tailor their actions to the real needs of their employees and increase the effectiveness of the safety improvement measures implemented. Following an evaluation of progress against stated health and safety objectives, conclusions are drawn together with employee representatives on the effectiveness of the measures implemented. Where it is found that the intended effects are not being achieved, corrective actions are implemented, such as additional training, modification of procedures, improvement of protective measures or adjustment of work processes to eliminate hazards. The improvement plan is adopted by the parent company's Management Board and the tasks contained therein are proposed by the business unit managers themselves as part of the improvement process.

In terms of significant identified impacts, risks and opportunities, the subsidiaries, MRB, ŁE, RGB have not set measurable and result-oriented targets, and do not plan to do so.

In the scope of training and development, employment security and freedom of association, targets were also not set by the parent company, LW Bogdanka.

**SI-6 - Characteristics of the entity's employees**

Gender	Consolidated data
Male	5,755
Female	427
Other	0
Not disclosed	0
<b>Total headcount</b>	<b>6,182</b>

*Gender was determined by the workers themselves. Employees did not select the Other option. The data presented in the table has been calculated on the basis of information and employment data extracted from human resources systems, monitored by the substantive organisational units responsible for human resources, as at 31.12.2024.*



\*The Lubelski Węgiel Bogdanka Group has not identified that the Group's procurement-oriented, sales-oriented and data-use-oriented practices and activities have caused significant negative impacts on its own employee resources.

### Consolidated data

	M	F
Number of employees (total number/FTE)	5,755	427
Number of temporary staff (total number/FTE)	1,064	168
Number of permanent employees employed for indefinite period (total number/FTE)	4,691	259
Number of employees who are not guaranteed working hours (total number/EPC)	0	0
Number of full-time employees (total number/FTE)	5,751	423
Number of part-time employees (total number/FTE)	4	4

Gender was determined by the workers themselves. Employees did not select the Other option. The data presented in the table has been calculated on the basis of information and employment data extracted from human resources systems, monitored by the substantive organisational units responsible for human resources, as at 31.12.2024.

Total number of employees who left during the reporting period	367
Staff turnover rate	0.059.

The data presented in the table has been calculated on the basis of information and employment data extracted from human resources systems, monitored by the substantive organisational units responsible for human resources, as at 31.12.2024. The indicator takes into account the number of employees who have left or have been dismissed and the total number of employees covered by the report.

### Number of full-time employees (total number/FTE)

### Consolidated data

Male	5,751
Female	423
Other	0
Not disclosed	0
<b>General staff</b>	<b>6,174</b>

### Number of part-time employees (total number/FTE)

### Consolidated data

Male	4
Female	4
Other	0
Not disclosed	0
<b>General staff</b>	<b>8</b>

The data presented in the table has been calculated on the basis of information and employment data extracted from human resources systems, monitored by the substantive organisational units responsible for human resources, as at 31.12.2024.

### S1-7 - Characteristics of the entity's employees

	Consolidated data	Social protection	Consolidated data Percentage of employees covered
Number of non-employees in own workforce	81	Sickness	100%
In the reporting period, within own staff resources of the LWB Group companies, only selected persons are employed under contracts other than employment contracts: members of the management and supervisory boards. The data presented in the table has been calculated on the basis of information and employment data (as a headcount) extracted from human resources systems, monitored by the substantive organisational units responsible for human resources, as at 31.12.2024.		unemployment starting while own employee is working for the company	100%
		accident at work and acquired disability	100%
		parental leave	100%
		retirement	100%
<b>S1-8 - Scope of collective bargaining and social dialogue</b>	<b>Consolidated data</b>		
Percentage of employees covered by collective bargaining agreements	85%		
Percentage of employees represented by employee representatives	100%	In MR Bogdanka, contracted employees are not covered by the social protection caused by the reporting issues specified above. Persons employed under a management contract and members of the Supervisory Board are not covered by sickness insurance.	
<b>S1-11 - Social protection</b>			

### S1-14 Occupational health and safety metrics

	Consolidated data
Percentage of the entity's own workforce that is covered by the entity's health and safety management system based on legal requirements or recognised standards or guidelines	100%
Number of fatalities due to work-related injuries and work-related ill health	0
Number of fatalities due to work-related injuries	0
Number of fatalities due to work-related ill health (occupational diseases)	0
Number of fatalities due to work-related injuries and work-related ill health related to work of other employees working on the company's premises	0
Number of fatalities due to work-related injuries of other employees working on the company's premises	0
Number of fatalities due to work-related ill health (occupational diseases) of other employees working on the company's premises	0
Number of reportable work-related accidents	89
Indicator of reportable work-related accidents	8.59.
Number of cases of reportable work-related ill health (subject to legal restrictions on data collection)	4
Number of days lost due to work-related injuries and fatalities as a result of work-related accidents, due to work-related ill-health and fatalities due to ill-health	7,156

In calculating the data disclosed in the table, the number of accidents, the total number of hours and the number of days lost due to work-related injuries and deaths due to work-related accidents, work-related ill-health and deaths due to ill-health were used. The calculations took into account the actual data collected by the OHS units of the Companies.

**S1-9 Diversity metrics**

Gender distribution among senior managers by number and percentage	Consolidated data	
Women	4	20%
Men	16	80%
Other	N/A	0%

The organisation's governing bodies have been adopted as the top management.

Age structure of employees	Consolidated data	
Under 30 years	779	12.6%
30 to 50 years	4,643	75.1%
Over 50 years	760	12.3%

**S1-17 Incidents, complaints and serious impacts on human rights**

In the reporting period, no cases of discrimination (including harassment) were registered in the LW Bogdanka Group. In 2024, 21 complaints were lodged through employee whistleblowing channels.\* The Group will not receive any fines or penalties as a result of incidents or complaints. All reported incidents were subject to classification, analysis and, where appropriate, investigation by the LWB Group Compliance Policy Department. During the period covered by the report, there were no cases registered concerning violations of the principles related to respecting human rights and no complaints lodged with the OECD Guidelines National Contact Points.

**S1-13 Training and skills development**

Average number of training hours	Consolidated data
Male	13,43
Female	15,04
Total	13,54

As part of its reporting, the LW Bogdanka Group took the opportunity to omit information on the percentage of employees who participated in regular performance reviews and career development.



\*All reports are recorded in the internal Violation Register system.



## Topic specific to the entity: Availability of employees

### Policies related to the material entity-specific topic

The Lubelski Węgiel Bogdanka Group manages the issue of employee availability, bearing in mind the challenges of employment in the mining sector. Implemented policies and procedures are designed to ensure staff stability and competence development, which is of key importance to the functioning of the organisation in a changing economic and regulatory environment. One of the cornerstones of the Group's approach to employee accessibility is the LWB Group's Education Policy which focuses on supporting the education of both future and current employees. The company is committed to the development of competence in the mining sector through partnerships with educational institutions, internship programmes and initiatives to attract young talent to the industry. An important element of care for human resources is also the Policy for raising qualifications and development of LW Bogdanka S.A.'s employees, which aims to continuously improve the skills of the staff. The organisation focuses on training tailored to the requirements of the industry, enabling employees to gain new qualifications and advance to higher positions. This management model allows for an effective response to the changing needs of the mining sector and the technology sector. Also of key importance in ensuring adequate human resources is the Procedure of conduct in the process of recruitment and selection of employees for managerial and specialist positions and the Procedure for the recruitment and selection of employees for production positions. These processes ensure that the company attracts qualified candidates who meet both technical requirements and safety standards. Transparent recruitment rules and precise selection criteria make it possible to recruit those best suited to the

specific nature of working at Bogdanka, which translates into high quality tasks and employment stability. The Human Resources Director of the Group's parent company is responsible for implementing the provisions of these regulations. Policies are made available to employees through internally developed systems.

### Activities and resources related to the material entity-specific topic

In 2024, the Lubelski Węgiel Bogdanka Group will continue its activities aimed at increasing the availability of qualified employees by developing the competences of the current staff and creating attractive career paths. One of the key programmes in this area is the "My Development" programme, addressed to blue-collar workers. This initiative allows for systematic upgrading of

professional qualifications and development of skills, which increases opportunities for internal promotion, as well as optimising and stabilising staff resources. Due to the programme, LW Bogdanka S.A. provides employees with better career prospects and builds team commitment and loyalty, which in the long term translates into greater availability of experienced staff at the company.

As part of its activities aimed at educating future leaders of the mining sector, the LW Bogdanka Group has also launched a postgraduate programme, Academy of Mining Leaders, conducted in cooperation with the AGH University of Science and Technology in Kraków. This programme was established by a resolution of the Management Board and aims to prepare managers to manage effectively in a rapidly changing market environment.

In addition, the organisation supports the scientific development of its employees through the Regulations for the enhancement of professional qualifications in doctoral studies, enabling them to acquire specialist knowledge and carry out research that is useful to the mining sector.

### Objectives related to a significant entity-specific topic

The LW Bogdanka Group has not adopted measurable targets directly related to employee availability. However, the Group focuses its efforts on achieving the social objectives set out in the ESG Strategy, which are indirectly related to the employee accessibility. In addition, the Future of Lubelszczyzna pillar presented in the Group's business strategy clearly declares that the organisation objective is to launch programmes aimed at attracting and retaining the best employees.



## ESRS S3: Affected communities

### Topic specific to the entity: Relations with the community and maintaining the licence to operate

#### ESRS 2 SBM-3 Material impacts, risks and opportunities and their relationships with the strategy and business model and ESRS 2 SMB-2 Stakeholder interests and views

As part of the analysis of the materiality of the impact, the Lubelski Węgiel Bogdanka Group identified a material positive impact resulting from the profile of its operations in the mining sector, which is linked to the relationship with the local community living in the region of its operations. The impact is positive and focused on a stable and good relationship with local communities and a good corporate image, which can influence the local administration's decision on licence renewal and public acceptance of mining activities.

In order to maintain a stable relationship with local communities, the Group holds regular meetings twice a year with public administration representatives and analyses and monitors submissions from local communities. Lessons from the process of engagement with local communities are taken into account in shaping activities and relationships with local communities - among other things, the perspective of local communities influences the strategy and business model through participation in the strategy preparation phase, where activities analogous to the double materiality analysis were carried out - i.e. complaints made to date, impact materiality, financial materiality, internal and external documentation, interviews and a survey were conducted. All of the conclusions were included in a separate report, on the basis of which the Team moved on to the strategy preparation stage

(objectives, targets, strategic initiatives). In this way, the information collected is also analysed each time the strategy is revised/updated.

#### Policies related to the material entity-specific topic

Community relations and maintaining a licence to operate including: community engagement, cooperation with local government and community organisations, and community health and quality of life were identified by the LW Bogdanka Group as important additional themes during the double materiality analysis. In the parent company, these issues are managed through the Social Engagement Policy, which identifies opportunities for collaboration on various forms of social involvement, undertaken through tools such as donations, sponsorships or CSR collaborations. The document is dedicated to external stakeholders wishing to start working with the company in these areas.

Stakeholders were indirectly involved in the development of the Social Engagement Policy - the document stems from the ESG Strategy which was developed with the active participation of internal and external stakeholders - including dialogues based on the AA1000 standard. The content of the Policy is available on the parent company's website.

The issues covered by the additional topic are also governed by the provisions of the Policy on respect for human rights and diversity in the LW Bogdanka Group, the Code of Ethics of the LW Bogdanka Group, the Code of Conduct for LWB Suppliers.

The implementation of the provisions of the policies relating to community relations and maintenance of the licence to operate is the responsibility of the Supervisory Board and the Management Board of LW Bogdanka. The Organisational Regulations also specify subordinate organisational units, such as the ESG Department or the Communication and Promotion Department, which are assigned tasks related to the coordination of community engagement and community relations.

#### Activities and resources related to the material entity-specific topic

Relations with the local community play a key role in LW Bogdanka Group's activities - close cooperation with scientific institutions, environmental organisations, local governments and local businesses allows us to actively support the development of the region. By consistently investing in the well-being of local communities, the Group builds lasting relationships based on partnership and responsibility. The activities carried out during the reporting period were undertaken in the framework of own operations in cooperation with diverse partners.

The community relations activities undertaken by the Group companies in 2024 were related to education, ecology, support for local initiatives, sport and culture, and cooperation with local administration.

#### Education and learning

LW Bogdanka Group has actively supported the development of education and science by cooperating with local research institutions and educational establishments. Together with the CeReClimEn Centre of the Maria Curie-Skłodowska University, organised a Scientific Seminar "Challenges and opportunities for the sustainable development of LW Bogdanka in the context of environmental and socio-economic conditions", which provided the space for the exchange of knowledge and experience.

It was attended by a total of more than 100 people from all over Poland, including the Undersecretary of State in the Ministry of Climate and Environment - Chief National Geologist, representatives of universities and scientific institutes (such as: University of Maria Curie-Skłodowska in Lublin, University of Life Sciences in Lublin, Warsaw University of Technology, Lublin University of Technology, University of Silesia, Institute of Mineral and Energy Management of the Polish Academy of Sciences, Institute of Soil Science and Plant Cultivation, National Research Institute), national parks (Poleski National Park) and landscape parks (Lublin Landscape Parks Complex), institutions and organisations involved in environmental protection (Foundation for

Nature, Regional Environmental Protection Directorate, Voivodeship Inspectorate of Environmental Protection, Central Mining Institute), local government units (Municipal Office in Bytom, Municipality of Urszulín) as well as experts from the local government and business community. The seminar was a response to the current challenges of the energy transition and environmental protection and provided an opportunity to discuss key issues relating to the hard coal sector in Poland, its impact on the environment as well as challenges related to its development in the context of the changing socio-economic conditions. The event provided an opportunity to exchange knowledge, experience and identify opportunities for sustainable development in the context of energy transition in Poland.

As part of another project - Lublin Entrepreneurs of Tomorrow vol. 2 - young people were taught the basics of entrepreneurship, learning how to create innovative ideas in line with the principles of sustainable development. In addition, workshops on mining were held in Education Zone C for the first half of 2024, benefiting nearly 5,000 children and carers from nearby educational institutions.

#### Ecology and nature conservation

The LW Bogdanka Group has undertaken numerous environmental protection initiatives implemented in cooperation with environmental organisations and environmental institutions, primarily the Poleski National Park and the Foundation for Nature. Among other things, the Group supported the implementation of the tasks set out in the Protection Plan for the Poleski National Park. Activities related to the protection of rare fauna species were particularly important - the breeding sites of the tawny owl were monitored in 2024 and the population of the crane nesting in Polesie was secured.

As part of a wider biodiversity initiative, a Research and Environmental Action Fund has been set up in the Lublin Coal Basin, under which nine scientists from the Lubelskie Voivodeship received financial grants to carry out their research.

### Support for local initiatives

The LW Bogdanka Group has been involved in activities for the local community by supporting educational institutions, charitable organisations and disadvantaged people. In 2024, 34 entities received donations in kind and financial donations, provided, among others to schools, foundations and cultural institutions. The beneficiaries included the School Complex in Ludwin, the St Barbara Parish in Łęczna, the County Public Library and the Association for the Support of Families and People with Disabilities. Special fairs were also organised at the plant in support of senior citizens and people with disabilities, and in response to the needs of flood victims, a collection of in-kind donations was held at all mining fields.

### Sport and culture - activating and integrating residents

LW Bogdanka S.A. supported the development of sport and culture in the region by sponsoring football, volleyball and speedway teams. Due to the support of LW Bogdanka, the team of Górnik Łęczna competed in the First Football League, and the Sports Academy of Górnik Łęczna was able to provide training for children and young people. On the other hand, volleyball players, Bogdanka LUK Lublin and speedway riders Orlen Oil Motor Lublin could rely on funding in their respective leagues. The company has also been involved in the development of sports infrastructure, e.g. by supporting the construction of a playground at Primary School No. 2 in Łęczna and by financing the reconstruction of the football pitch and the construction of a pneumatic hall for the Górnik Łęczna Sports Academy Foundation.

### Cooperation with local government

The LW Bogdanka Group participated in projects to improve the quality of life of local residents. Work has been completed on the design concept for the Bogdanka Glade - a social and natural space combining recreational and educational functions. There was also a project enriching the tourist infrastructure of the area at the same time as making use of mining waste, involving the creation of a cycle path around the "Szczecin" Reservoir.

Cooperation with the County of Łęczna and the Municipality of Puchaczów has enabled the implementation of initiatives promoting local artists, tourism and activities to counteract social exclusion. This was primarily a multi-sectoral partnership in the implementation of the project "Averse-Reverse of Art - 2nd edition".

Another important activity targeting local stakeholders was the 2024 "Active and Fulfilled 2" project. This is an activation measure dedicated to women from the Łęczna County, aimed at supporting those who want to change their situation on the labour market. The project organised training and workshops, individual support and tutoring and networking activities for 60 female participants.

The key activities of the Group to provide remedies for people affected by significant impacts are those related to the removal of mining damage and are described within the chapter covering ESRS Standard E4. In addition, the activities of the corporate Solidarity Miners Foundation which has the status of a Public Benefit Organisation, qualify as such activities.

### Goals related to the material entity-specific topic

The LW Bogdanka Group has not adopted measurable targets directly related to relations with local communities. However, the Group is pursuing the ESG Strategy goals described in this statement in indicator ESRS-2 - the strategy defines qualitative objectives related to the social area and implicitly links to the issue of community relations. Community goals are also included in the Group's business strategy. The organisation is aware of its importance in the local labour market, so in its business strategy it declares the creation of stable jobs in the region in the future through, among others, business diversification, acquisitions and development projects. However, the effectiveness of the activities carried out in this area is measured by the relationship with the local community and other stakeholder groups.

## Topic specific to the entity: Innovation and industry

### Policies related to the material entity-specific topic

The LW Bogdanka Group has not adopted separate policies on innovation - this issue has been regulated in the organisation at the highest level of business strategy. Pillar I of the strategy - Efficiency Leader - indicates the organisation's ambition to build a strong capital group based on new development ideas for both existing companies and new ones that LW Bogdanka plans to create for dedicated projects. To implement this approach, the strategy envisages the creation of a special investment fund to support innovative and promising projects. Innovation issues are also embedded in the Group's Vision defined in the strategy, which is defined as "The innovative multi-commodity company driving green transformation and securing the economic development of the Lublin region".

### Activities and resources related to the material entity-specific topic

In 2024, as part of its own operations, the LW Bogdanka Group continued its innovation efforts, implementing modern technological solutions and optimising key mining processes. The initiatives introduced were aimed at both improving mining efficiency and enhancing the safety and comfort of the workforce. Priority was given to improving transport systems, automating processes and using new monitoring and control technologies.

### Modern technology and transport

As part of transport innovations, human driving on 1,600 wide conveyor belts was launched and the technical analysis was carried out on the transport of cargo on EURO pallets using overhead rail. In addition, a mobile device was implemented to control the parameters of the overhead rail route development, as well as a new system for transporting people to the mining areas, taking into account work schedules.

### Safety and mining monitoring

The concern for safety is reflected in projects such as the rock mass monitoring system based on photonic technology or the detection of oversize elements in the excavation stream using ISK-11 flame-proof cameras. In addition, tests were conducted on the ISK-11/M2 Fireproof Thermal Imaging Camera, and a project to develop 3D imaging technology to improve safety and efficiency in the mining industry.

### Energy and water optimisation

LW Bogdanka S.A. has also focused on energy and water innovation. The analysis of the possibility of heat recovery from mine water was carried out and a concept for the installation of a water turbine was implemented. The lighting control of overhead railway passenger stations has also been automated. In addition, an underground Water Treatment Station with a pilot plant was constructed and built in, and the process of draining water from the settling ponds in the casting was improved.





#### **Development of controlling systems and automation**

In order to improve management processes, a new controlling IT system for planning and budgeting was introduced, involving all department and division managers in the Company.

The Group successively allocates financial resources to the implementation of activities, which depend on the expenditure approved for implementation and the results of the innovation and development activities implemented. In the reporting year, the Group allocated PLN 2,000,000 to expenditure and investment in this area.

#### **Goals related to the material entity-specific topic**

As part of the implemented strategy, the objective of innovation development at the LW Bogdanka Group is to maintain its status as a leader in innovation and operating costs and to improve occupational safety. The target level is determined by the KPI of the Management Board of LW Bogdanka S.A. and the annual determination of the so-called JKWn (unit net mining cost). The level of achievement of targets is monitored by the operational controlling department and the OHS department. Innovation targets remained unchanged during the reporting period. As the 2024 statement is the first statement based on ESRS standards, LW Bogdanka Group does not report progress compared to previous periods.

## **Topic specific to the entity: Conflict in Ukraine**

#### **Policies related to the material entity-specific topic**

The armed conflict in Ukraine was identified as an additional topic of relevance during LW Bogdanka Group's double materiality analysis. The Group has not adopted a separate regulation related to this topic.

#### **Activities and resources related to the material entity-specific topic**

In the reporting period, the Group did not undertake activities related to the armed conflict in Ukraine. In the first period since the outbreak of the war, the Group implemented measures to comply with national legislation related to the imposition of sanctions on the Russian Federation. In addition, the support for the conflict-affected community in Ukraine was implemented through the corporate foundation, Solidarity Miners. The activities responded to the most urgent needs and included a diverse range of activities: provision of humanitarian aid, transport of food medicine and medical equipment, financial support to aid organisations and aid institutions.

#### **Goals related to the material entity-specific topic**

In the reporting period, it was the decision of the Management Board that the organisation would focus on the objectives covered by the ESG Strategy and would not set objectives related to the Conflict in Ukraine.

## Fourth Chapter - Corporate governance

### ESRS G1 - Business conduct

#### **ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies**

In the LW Bogdanka Group, the most important aspects related to corporate compliance culture and organisational governance are supervised by the Management Board and the Supervisory Board of the parent company. These bodies have adopted key regulations for fair and transparent business conduct - primarily the LW Bogdanka CG Code of Ethics and the Code of Conduct for suppliers. In addition to those mentioned above, the parent company also has the LWB Anti-Corruption Policy and the LWB Internal Reporting and Follow-up Procedure in place, which includes protection of whistleblowers from retaliation. The implementation of internal regulations is the responsibility of the company's senior management - the division of the President of the Management Board includes the Compliance Policy Department, and the division of the Deputy President of the Management Board for Development includes the Chief Procurement Officer and his subordinate units, who are additionally supported by members of the Tender Committee. In specific cases, the Management Board also appoints special teams or committees, bringing together employees from different departments to carry out specific projects related to responsible business conduct or supplier relations. Members of the Management Board, the Supervisory Board but also the top management have expertise with regard to business conduct, due to their participation in training courses and meetings on counteracting corruption, ethical management or other aspects of compliance. The President of the Management Board, Zbigniew Stopa, in his previous term of office, introduced the first Bogdanka Code of Ethics, as well as the Code of Conduct for LWB Suppliers.

The LW Bogdanka Group promotes corporate culture primarily through the implementation and proactive communication of the Code of Ethics. The code sets out benchmarks of behaviour for all employees and standards for relationships with customers, business partners, shareholders and local communities. In addition, a Compliance Newsletter is made available to employees on a regular basis and, in parallel, the Compliance Policy Department publishes information articles in internal communication channels (including the Bogdanka News newsletter).

#### **ESRS 2 IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities**

Material impacts, risks and opportunities related to business conduct were identified by the LW Bogdanka Group in a double materiality analysis process conducted in 2023 (with a review conducted in 2024). The process, the methodology used and the criteria adopted are described in this statement in the ESRS-2 indicator: IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

The Group has identified one significant impact relating to business conduct - this relates to supplier relationships, including payment practices. This impact was classified in the value chain as occurring within the organisation and assessed as positive: The LW Bogdanka Group manages its relationships with suppliers through transparent and fair practices, including timely payments, negotiating contracts and supporting long-term partnerships. Suppliers and business partners may be required to comply with similar standards in their relationships with their own suppliers.





The Parent Company has in place an Internal Notification and Follow-up Procedure for Lubelski Węgiel "Bogdanka" S.A., which indicates to the Company's employees and its counterparties what actions they should take in order to report observed practices that are contrary to the applicable law, unfair or unethical. Whistleblowing channels have been identified, including: an online form on the Company's website, a dedicated email address, contact boxes located at each Mining Field, traditional mail or verbal reports to the Compliance Policy Department. Submissions can be made anonymously or by providing the identity. Ongoing investigations are confidential. As part of the investigations, recommendations are issued for corrective action if a breach is found. Whistleblowers, persons assisting in the reporting and persons associated with the Whistleblower enjoy protection against retaliation including, but not limited to, termination of employment or termination without notice, reduction in salary, withholding the promotion, transfer to a lower position. In LW Bogdanka S.A., employees are provided with information concerning whistleblowing channels, both on the corporate website and on the employee portal and in internal communication channels. Newly hired employees are informed about the Company's internal reporting system during their initial training, while the Compliance Policy Department is continuously improving its internal competences, e.g. in 2024 it held the "Effective Compliance Officer" training course.

The Parent Company also has an Anti-Corruption Policy for Lubelski Węgiel "Bogdanka" S.A., which sets out clear rules on how to proceed in the event that fraud is identified, as well as how to prevent and counteract corrupt activities to the detriment of the Company.\* The Company's management and members of the Standing Tender Committee participate in the anti-corruption training, which is organised periodically every few years. Where incidents of business conduct and corruption and bribery are identified, they are investigated by the Compliance Policy Department. The top level in the organisation responsible for the implementation of the Anti-Corruption Policy is the Management Board of LW Bogdanka S.A.

The entity does not have a separate policy on the

provision of in-house training on business conduct with an indication of a target group, frequency of training and depth of coverage of the topic - the organisation has a general training policy. In addition, there were no formally identified functions in the entity that are most at risk of corruption and bribery - anti-corruption training was dedicated to managers and members of the Standing Tender Committee.

#### **ESRS G1-2 and ESRS G1 Supplier relationship management and policies related to payment practices with suppliers**

The LW Bogdanka Group has not adopted any procurement policies since the Group companies are primarily guided by the provisions of the Public Procurement Law in procurement proceedings. In accordance with it and on the basis of internal legislation, the Group has implemented formalised procedures for the award of contracts to suppliers in the form of Regulations. The regulations implemented provide contractors with a bidding and adjudication process based on clear and equal criteria for all. The LW Bogdanka Group has separate managements for the conduct of public procurement procedures and for those for which the statutory provisions on public procurement do not apply.

The Group does not apply formal social and environmental criteria when selecting suppliers. In each case, however, bidders undertake to comply with the law and respect, among others to human rights, labour law, health and safety regulations and environmental protection. In addition, the employees of suppliers working on the premises of Group companies or under their supervision are required to comply with the Code of Ethics and confirm their knowledge of, among other things, the Integrated Management System Policy and the Site Movement Manual.

No policies have been adopted in the Group to prevent late payment.

#### **ESRS G1-6 Payment practices**

The contractual payment term used by the LW Bogdanka Group is usually 30 days. Shorter deadlines - e.g. 14 days - arise in the case of contracts and orders of a small amount in the Group's terms. Deadlines shorter than 14 days occasionally occur in the case of purchases of services or goods made through fast-track procedures, e.g. by submitting an order signed by authorised persons, and relate to orders of relatively low value.

In 2024, the average time taken to pay an invoice from the date on which the contractual or statutory payment period starts to be calculated was 27 days. Approximately 99% of payments were made by the organisation on time.

During the reporting period, the number of pending court proceedings due to late payments was: 0.\*\*



## Topic specific to the entity: Regulations in the field of sustainable development

### Topic specific to the entity: Regulations in the field of sustainable development

#### Policies related to the material entity-specific topic

The LW Bogdanka Group is aware that the European Union's sustainability regulations will increase the cost of doing business and ultimately exclude coal as the energy source. This issue was identified during the double materiality analysis as a significant additional theme. The Group-wide response path to regulatory changes related to its operations is delineated in:

- Development Strategy,
- ESG Strategy,
- ESG management procedure,
- Procedure for the preparation and disclosure of non-financial information for the Lubelski Węgiel Bogdanka Group.

The business strategy of the Group's parent company takes into account, among others, the regulations of the EU Climate Policy, ESG-related market expectations and the reduced availability of financing for coal projects. The strategy involves improving the company's energy efficiency, developing a circular economy and investing in renewable energy sources reducing the organisation's carbon footprint. The LWB Group's Management Board is responsible for implementing the provisions of the policy aimed at managing the impact of regulation on the Group's operations.

#### Activities and resources related to the material entity-specific topic

Key initiatives and project activities within its own operations related to EU sustainability regulations stem from the organisation's ESG Strategy. The Group's most important activities are focused on the transformation and diversification planned until 2030, as well as the re-profiling of its activities in a direction that drives green transformation. The pillars of the strategy include:

Multi-commodity concern - focused on diversification and identification of the new mining potential.

- Sustainable Energy Guarantees - production of components for renewable energy installations, stored energy and investment and development of RES for the Company's own needs and the region.
- Green Transformation - comprising three pillars: Circular Economy (CE), energy efficiency and the revitalisation of mining sites.

- The future of the Lublin region - ensuring a safe workplace, employing the best staff and engaging employees.

At the same time, the Group is developing and adopting or planning to adopt the necessary policies arising from the CSRD on an ongoing basis, including the Climate Policy and the Biodiversity Policy. Progress in the implementation of the business strategy and the complementary ESG strategy is analysed and reported to selected management bodies in the Group. They will also be the subject of reporting in the subsequent sustainability statements. In the reporting year, the activities related to the entity-specific theme did not require significant financial resources for their implementation.

However, it should be emphasised that, despite the lack of direct costs in 2024, the LWB Group conducts the analysis of significant expenditures related to the climate transition described in the strategy.

#### Goals related to the material entity-specific topic

In all project initiatives related to EU sustainability regulations, the LW Bogdanka Group has set short-, medium- and long-term objectives and identified the employees responsible for them. Information on the strategic objectives covered by the ESG strategy is described in the first chapter of the ESRS statement. The whole was supported by an IT tool that facilitates annual verification of the objectives achieved. The year in which the ESG Strategy was developed is considered as a benchmark. The Group involved stakeholders in the development of the objectives through organising meetings and surveys. The Sustainability Statement for 2024 is the first statement based on the ESRS standards, the LWB Group plans to report the progress against the current reporting period in the next reporting year.



<b>ESRS</b>	<b>Disclosure number</b>	<b>Party</b>
	BP-1 General basis for preparation of the sustainability statements	107
	BP-2 - Disclosure in relation to specific circumstances	107
	GOV-1 The role of the administrative, management and supervisory bodies	107
	GOV-2 Information provided to the entity's administrative, management and supervisory bodies and the sustainability issues they undertake	110
	GOV-3 Integration of sustainability-related performance in incentive schemes	111
	GOV-4 Statement on due diligence	111
<b>ESRS2</b>	GOV-5 Risk management and internal controls over sustainability reporting	111
	SBM-1 Strategy, business model and value chain	112
	SBM-2 Interests and views of stakeholders	116
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)	117
	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	123
	IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	125

ESRS	Disclosure number	Party
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)	128
	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	129
	ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	129
	E1-1 - Transformation plan for climate change mitigation	129
	E1-2 - Policies related to climate change mitigation and adaptation	129
	E1-3 - Actions and resources in relation to climate change policy	129
	E1-4 - Goals related to climate change mitigation and adaptation	129
	E1-5 - Energy consumption and mix	130
	E1-6 - Gross Scopes 1, 2, 3 and total greenhouse gas emissions	131
	E1-7 - Greenhouse gas elimination and mitigation projects financed through carbon credits	133
<b>ESRS E1</b>	E1-8 - Internal determination of greenhouse gas emission charges	133
	E1-9 - Potential financial impacts from material physical and transition risks and potential climate-related opportunities	Omitted
	ESRS 2 IRO-1 - Description of the processes for identifying and assessing significant pollution impacts, risks and opportunities	133
	E2-1 - Pollution-related policies	133
	E2-2 - Activities and resources related to pollution	133
	E2-3 - Pollution-related goals	133
	E2-4 - Pollution of air, water and soil	134
	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material impacts, risks and opportunities related to water and marine resources	135
	E3-1 - Policies related to water and marine resources	135
	E3-2 - Activities and resources related to water and marine resources policies	135
<b>ESRS E2</b>	E3-3 - Goals related to water and marine resources	136
	E3-4 - Water consumption	136
<b>ESRS E3</b>		

ESRS	Disclosure number	Party
ESRS E4	SBM 3 - Material impacts, risks and opportunities and their interaction with strategy and business model	138
	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material impacts, risks and opportunities related to biodiversity and ecosystems	138
	E4-1 - Biodiversity and ecosystem transformation plan and integration of biodiversity and ecosystems into the strategy and business model	139
	E4-2 - Policies related to biodiversity and ecosystems	139
	E4-3 - Activities and resources related to biodiversity and ecosystems	139
	E4-4 - Goals related to biodiversity and ecosystems	139
	E4-5 - Impact measures related to biodiversity and ecosystem change	139
	ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities related to the use of resources and circular economy	141
	E5-1 - Policies related to resource use and circular economy	141
	E5-2 - Actions and resources related to resource use and circular economy	141
ESRS E5	E5-3 - Goals related to resource use and circular economy	142
	E5-4 - Input resources	142
	E5-5 - Output resources	143
	SBM-2 - Interests and views of stakeholders	155
	SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model	155
	S1-1 - Policies related to own staff resources	156
	S1-2 - Procedures of cooperation with own staff resources and staff representatives on issues of impacts	157
	S1-3 - Processes for remedying the effects of negative impacts and channels for raising concerns through own staff resources	158
	S1-4 - Addressing the material impacts on own staff resources and applying approaches to manage material risks and opportunities related to own staff resources and the effectiveness of these actions	158
	S1-5 - Goals related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities	159
ESRS S1	S1-6 - Characteristics of company employees	159
	S1-7 - Characteristics of non-employees in the workforce of the enterprise	161
	S1-8 - Scope of collective bargaining and social dialogue	161
	S1-9 - Diversity indicators	161
	S1-10 Adequate wages	162
	S1-11 - Social protection	162



ESRS	Disclosure number	Party
ESRS S1	S1-13 - Training and skills development metrics	162
	S1-14 - Occupational health and safety metrics	161
	S1-17 - Characteristics of non-employees in the workforce of the enterprise	162
ESRS S3	SMB-2- ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	164
	SBM-3- ESRS 2 SMB-2 Stakeholder interests and views	164
ESRS G1	GOV-1 - The role of the administrative, management and supervisory bodies	167
	IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities	167
	G1-1 - Business conduct policies and corporate culture	168
	G1-2 - Supplier Relationship Management	168
	G1-6 - Payment practices	168

# Glossary

## GLOSSARY OF TERMS

- **CSR** - Corporate Social Responsibility
- **Net debt/ EBITDA** - ratio of net debt (sum of interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA
- **EBIT** - operating profit before interest and taxes
- **EBITDA** - EBIT plus depreciation and amortization and impairment losses
- **PTE** - Technical and Economic Plan
- **LWB** - Lubelski Węgiel Bogdanka S.A.
- **IFRS** - International Financial Reporting Standards endorsed for use in the EU
- **Gross sales margin** - the gross sales margin is calculated by dividing profit by the value of sales
- **EBITDA margin** - ratio of operating profit plus depreciation and amortisation to revenue
- **EBIT margin** - ratio of EBIT calculated for the period to sales revenues for the period
- **Gross margin** - ratio of gross profit (before tax) to net sales
- **Net margin** - ratio of net profit to net sales
- **Return on assets (ROA)** - ratio of a company's net profit to the value of its assets
- **Return on equity (ROE)** - ratio of net profit to equity
- **WFOŚiGW** - Voivodeship Fund for Environmental Protection and Water Management
- **Total debt ratio** - total liabilities to total assets
- **Debt to equity ratio** - total liabilities to equity
- **Fixed assets to fixed assets ratio** - sum of equity, non-current liabilities and non-current accruals to non-current assets
- **Current debt ratio** - short-term debt to total assets
- **Non-current debt ratio** - non-current liabilities to equity
- **Current ratio** - current assets to current liabilities
- **Quick ratio** - measure of the company's ability to pay its current liabilities with its most liquid assets
- **APMs** - alternative performance measures
- **CSRD** - Corporate Sustainability Reporting Directive - Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on corporate sustainability reporting
- **ESG** - Acronym for Environmental, Social, Governance - means significant indicators in the field of non-financial data
- **ESRS** - European Sustainability Reporting Standards, European standards for reporting sustainable development
- **EU Taxonomy** - a classification system that specifies the criteria that an economic activity must meet in order to be considered sustainable, introduced by Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020
- **PEP40** - Energy Policy of Poland until 2040

Signatures of all Management Board members

**Zbigniew Stopa**

President of the Management Board

.....

**Artur Wasilewski**

Vice-President of the Management Board,  
Economy and Finance

.....

**Bartosz Rożnawski**

Vice-President of the Management Board,  
Production

.....

**Sławomir Krenczyk**

Vice-President of the Management Board,  
Development

.....

*Bogdanka, 8 April 2025*



LW Bogdanka S.A.  
Bogdanka  
21-013 Puchaczów

[giel@lw.com.pl](mailto:giel@lw.com.pl)